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The
Mercantile
Bank
of Canada

ANNUAL
REPORT
1984



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Financial Highlights

(thousands of dollars except per common share amounts)

	1984	1983
For the year ended October 31		
Net income	\$ 12,329	\$ 20,024
Dividends		
Common shares	7,280	8,640
Preferred shares	4,970	3,982
As at October 31		
Assets	\$ 4,886,402	\$ 4,106,721
Loans	3,748,172	3,207,479
Deposits	4,364,753	3,544,030
Capital and reserves	212,232	180,482
Per Common Share		
Net income	\$ 0.92	\$ 2.01
Dividends	0.91	1.08
Book value	16.98	17.97

Vous pouvez vous procurer la version française de ce rapport à l'adresse suivante:

Approvisionnement et fournitures de bureau
La Banque Mercantile
du Canada
C.P. 520,
Succ. postale "A",
Montréal (Québec),
Canada
H3C 2T6

CHAIRMAN'S MESSAGE TO SHAREHOLDERS

We have heard a great deal about the problems facing Canada. Unemployment is high, government deficits are high, growth is low, the markets for many of our commodities are depressed, and the value of our dollar is weak in comparison to the U.S. dollar. The recession of 1982 hurt us badly, not only in economic terms. Our confidence as a country has also suffered.

We should be hearing more about the opportunities facing Canada. We have accomplished most of the adjustments forced upon us by the recession. Inflation has dropped more than anyone would have thought possible. The increase in cost of labour has moderated significantly. The economy's productivity is on the increase. The basic wealth of the country is intact. We have a large surplus of trained labour anxious to be allowed to work.

The world, outside of Canada, is much improved. The developing countries' condition has improved, so that the growth in their economies as well as in the developed countries appears assured.

We have a new federal government which has the opportunity to chart new directions so we can better take advantage of our strengths. It appears at this time they are most interested in improving the investment climate within

Canada. An improved investment climate may well be the best means to employ people and ensure economic growth. Foreign investment is now being sought. This is a welcome change, but more must be done to encourage investment. Further deregulation of industries, reduction in the impact of regulated prices and competition through marketing boards, and a reduction in high marginal tax rates could all stimulate new investment, local as well as foreign.

The financial markets are changing, as participants attempt to provide more competitive services to the public. Governments, provincial as well as federal, are considering changes in the regulatory environment to promote more efficient service to the public, while ensuring that Canada's enviable record of institutional safety is maintained. The dilemma now facing the government reflects the stress that has built up over the past few years. Meanwhile, changes in the market place continue at a frenetic pace: witness the consumer mortgage. The man in the street has been exposed to a constant barrage of products, almost to the point of bewilderment. The major corporations are being solicited daily by professional corporate lenders as never before. What of the entrepreneur, and the independent business man — the backbone of Canada's economy?

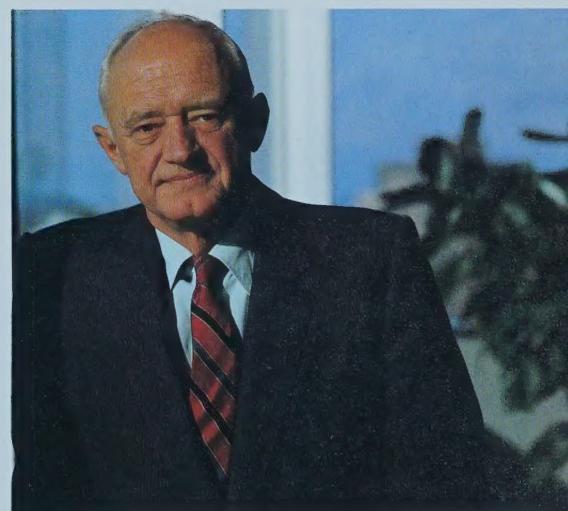
It is Canada's middle market that seems to have avoided the inevitable stampede towards innovation. Few financial institutions today possess the people with the higher skills to be effective in that market. The secret is to be big enough to be able to afford to develop the expertise in selected market niches, and small enough to provide the efficient and personalized service that the middle market demands.

The Mercantile is uniquely positioned to take advantage of this exciting middle market. We are corporate lenders, dedicated to serving selected industries with specialized products. It is just this market which will be favored with a better investment climate, and will provide the growth that Canada will again expect. The majority of our business in the past, and at this time, is with individuals and companies that are trying to build and expand. The more positive future should be to our advantage. Even during the disappointing earnings years of 1984 we found it possible to increase our lending. This growth, particularly in the last quarter, indicates to us that Canada as a whole may have better growth into the future than the consensus is now projecting.

As we start our new year we are fortunate to have Mr. I. Michael Sweatman join us as President and Chief Operating Officer. Mr. Sweatman, a chartered accountant, brings to the Bank extensive experience in industry, banking and finance. We are confident that he will significantly strengthen our organization.

A handwritten signature in black ink, appearing to read "RL Davidson".

Robert L. Davidson
Chairman and
Chief Executive Officer





Above: Place Mercantile,
the Bank's Headquarters
in Montreal, a blend of
past and present.

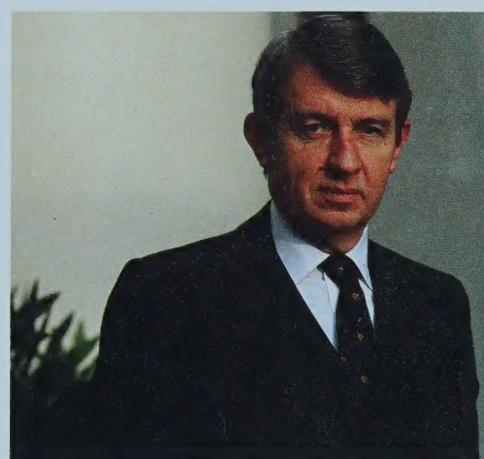
PRESIDENT'S MESSAGE

The year 1984 was difficult for the Mercantile Bank as it was for most banks in Canada. Although loans increased steadily during this year and fee income showed some improvement, this was insufficient to compensate for narrowing spreads. Net income for 1984 was \$12.3 million, compared to \$20.0 million in 1983. In terms of net income per common share, this represented \$0.92 in 1984, compared to \$2.01 in 1983. These results necessitated a reduction in dividends, to re-establish a more normal dividend payout ratio.

The encouraging growth of loans and interest income was offset by narrowing spreads during most of fiscal 1984.

As the year started we were optimistic that some performance improvement would be possible over the previous year's results. North American interest rates were falling in late 1983. The recovery in the United States economy looked to be strong and growing. The prospects of recovery in Canada, while not as strong as in the U.S., were favourable. The level of our non-performing loans was high, but a projected drop in interest rates along with continuing recovery gave us confidence that the level of non-performing loans would drop, while the cost of funding them also would go down.

We were confident that we were well positioned to compete in the market segments in which we chose to concentrate. We had rationalized our business locations, and had commenced a centralization of office operations that would result in savings in costs, as well as improvement, ultimately, in quality of service. Our subsidiary in the United States was entering its third year. It had built a well positioned base, with qualified personnel. Our Merchant Banking effort was entering its second year, and beginning to bring us incremental profits. We were confident that we would shortly receive regulatory permission to establish a New York Agency that would, in time, broaden our U.S. currency funding base and reduce our funding costs.



**I. Michael Sweatman,
President and
Chief Operating Officer**

Early in the year interest rates started rising, and continued to rise through most of the fiscal year. The cost of carrying our non-performing loans increased, while our ability to reduce their level was hindered. Over half of our non-performing loans are real estate loans: higher interest rates tend to deflate real estate values, and a rising rate makes would-be investors more cautious.

Over the year, the level of Canadian and U.S. non-performing loans has been reduced by thirty-two percent.

The higher interest rates made it more difficult for the international banking system to deal with the debt problem of the developing countries. The Canadian banks, with the agreement of the federal government, believed it prudent to start building a general reserve for losses for the debt of certain distressed countries. Whereas Mercantile's exposure is small compared with that of most other banks, our provision for losses was increased by \$5 million over our original projections, and the level of our non-performing loans was increased by ten percent to accommodate most of the Bank's exposure to Argentina.

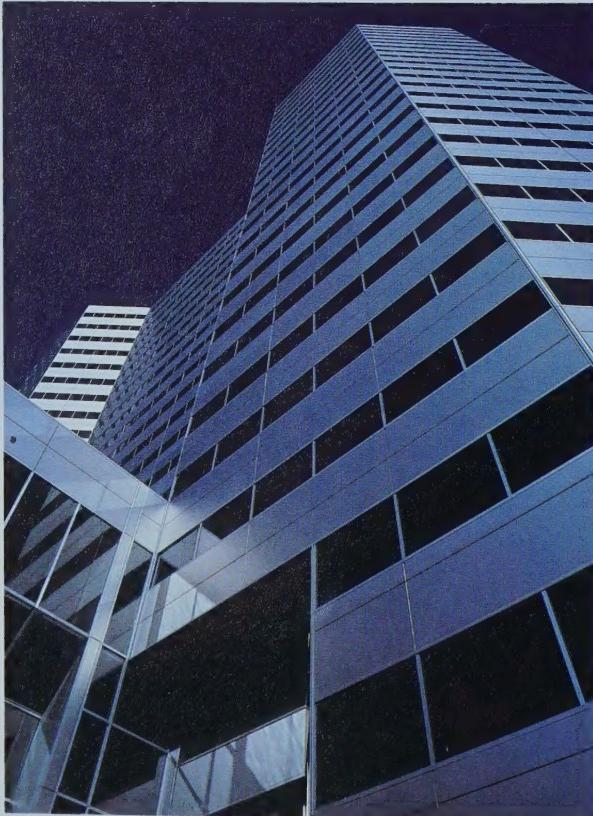
Our success in reducing the amount of our bad loans did not meet our original expectations. We do believe, however, that our results were remarkably good given the environment in which we found ourselves. The level of our Canadian/U.S. non-performing loans was brought down by thirty-two percent, year-end to year-end.

Our projections for earnings for the beginning of the 1985 fiscal year will be depressed by continuing narrow interest spreads caused by the rapid drop in market rates. Our provision for loan losses, using the five-year averaging formula, will be higher than our projected loan loss during the year. Published earnings will be depressed with the increased provision, but our capital should grow to the extent the provisions exceed our actual loss experience.

We will continue to focus on providing real value through specialization in corporate finance.



The atrium provides
Place Mercantile's
occupants with a year-
round, indoor green space.



Above: Members of the Executive Committee, from left to right:
Mr. Nathan Bossen, Executive Vice President, Finance,
Mr. Larry Pirnak, Senior Vice President, Credit Policy,
Mr. I. Michael Sweatman, President,
Mr. Robert L. Davidson, Chairman of the Board,
Mr. J. Scott Shelly, Executive Vice President, Corporate Banking, Canada, and
Mr. Raymond M. Roy, Executive Vice President, Corporate Services.

Although the above picture does not represent a very positive scenario, there are some encouraging signs which demonstrate that the Mercantile is on the move:

- Loan growth has been increasing steadily over the last four quarters. This encouraging performance reflects the success of the Bank's marketing strategy adopted two years ago — to focus on providing real value through specialization in the corporate finance marketplace.
- While non-performing loans are still high, from the status of current negotiations we can project substantial reductions over the year.

We do not believe in growth for growth's sake and we are looking continually for ways to improve the Bank's productivity.

In the U.S.A., MBC Financial Services Corporation, the Bank's subsidiary with offices in Dallas, Denver and Los Angeles was particularly successful with loans registering a significant growth. Our recently opened New York Agency is now the primary vehicle for funding our rapidly growing U.S. dollar loan portfolio. We are most encouraged with the results in the U.S.A. and we have taken the decision to concentrate all our international banking activities in that country where the potential for growth is excellent.

We are encouraged, therefore, as the new year starts, with our potential. All indications from the middle market, which is the market we serve, show that there is room for an innovative and entrepreneurial bank such as the

Mercantile. There is no opportunity for complacency, since the competition, whether from the major chartered banks, or from the newly emerging Schedule 'B' banks, or the trust companies active in commercial lending, is increasing. However, the Mercantile is set to carve out its niche in this exciting and expanding market.

Our unique team of professionals has brought us through a difficult period and will contribute to growth in the years ahead.

Any bank, particularly one which places as much emphasis as ours does on service to the customers, is as good as its people. The Mercantile is fortunate in possessing a unique team of professionals of which it can be justifiably proud. They performed extremely well last year, in their efforts both to obtain new business for the Bank and to reduce the level of non-performing loans. This year as the level of non-performing loans falls, they will be able to concentrate more of their efforts on new business generation.



I. Michael Sweatman
President and
Chief Operating Officer

YEAR IN REVIEW

The following discussion, with accompanying charts, serves to highlight the fiscal year's financial results. Comparable data for previous years are provided to aid in analyzing and interpreting these results. Emphasis is given to those major factors which affected the year's performance.

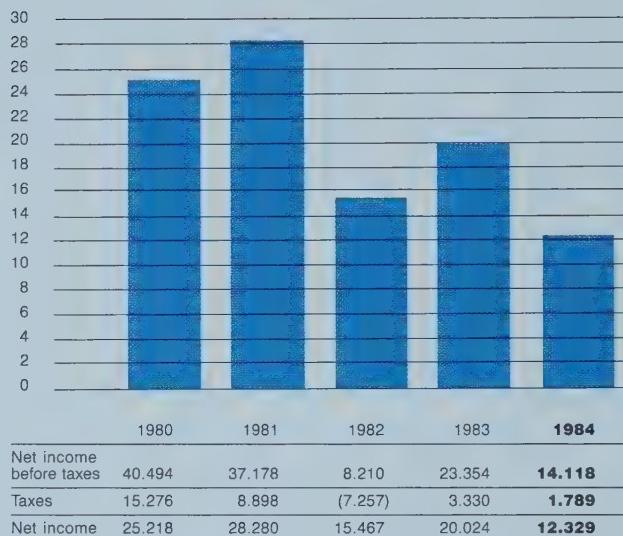
Overview

Consolidated net income for fiscal 1984 was \$12.3 million, a decrease of \$7.7 million from the previous year. After payment of dividends to preferred shareholders, net income per common share was \$0.92 in 1984 compared to \$2.01 in 1983. In the fourth quarter the dividend payable to common shareholders was reduced from \$0.27 to \$0.10. For the year, common share dividends totalled \$0.91 compared to \$1.08 in the previous year.

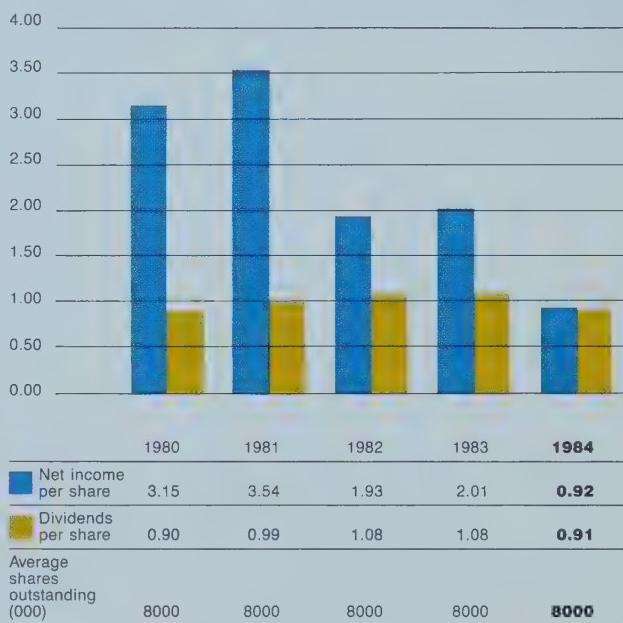
The sharp decrease in earnings is primarily due to lower net interest income and higher loan losses. While growth in assets improved in 1984, the favourable impact on earnings was more than offset by the increased carrying cost of non-performing loans and narrower interest spreads experienced in the fourth quarter. The Bank's loan loss provision was up substantially over 1983 with the increase including, for the first time, the creation of a general reserve for losses on certain of the Bank's international loans. Growth in operating expenses was limited to 3.5% in 1984 and was more than offset by an 11.0% increase in non-interest income.

Return on assets, defined as the ratio of net income to total average assets, was 0.28% for the year compared with 0.48% achieved in 1983.

Net Income
(\$ millions)



Net Income & Dividends
(\$ per share)



Return on Average Total Assets

(tax equivalent basis - %)



Net Interest Income

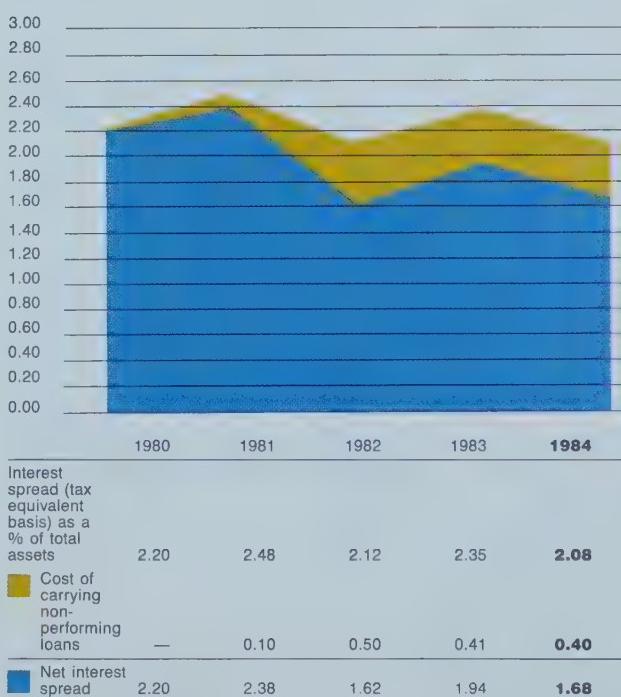
Net interest income totalled \$67.9 million in 1984, decreasing \$3.2 million or 4.5% from 1983. The Bank's net interest spread, defined as the ratio of net interest income, including security trading income, to total average assets and adjusted to a taxable-equivalent basis, decreased to 1.68% in 1984 from 1.94% in the previous year.

As indicated in the chart, a high level of non-performing loans continues to be the primary factor affecting net interest spread. While considerable progress was achieved in reducing the overall level of non-performing loans, the favourable impact was largely offset by the increased funding cost resulting from higher interest rates in 1984.

A resumption of growth in the Bank's loan portfolio had a positive impact on total net interest income. However, the downward trend in both Canadian and U.S. interest rates experienced in the fourth quarter reduced interest spreads as revenues from prime-based loans fell significantly faster than the average cost of deposits used to fund these loans.

Net Interest Spread

(percent)



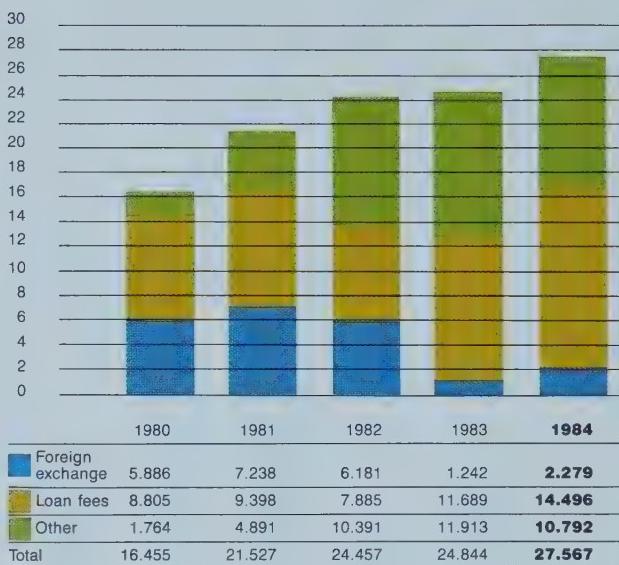
Other Income

Other income, or non-interest income, is primarily made up of fees received from clients in return for services provided by the Bank and, as such, represents an important and growing component of total earnings. One of the Bank's key objectives is to ensure that it provides a range of high value-added innovative products and services to selected markets. Growth in non-interest income is one important measure of market acceptance and overall success of this objective.

In 1984, other income totalled \$27.6 million, an increase of \$2.7 million or 11.0% from the previous year. Fees on loans, the largest component of other income at \$14.5 million, were up \$2.8 million or 24.0% from the high level achieved in 1983.

Other Income

(\$ millions)



Non-Interest Expenses

Non-interest expenses totalled \$57.9 million in 1984, up \$2.0 million or 3.5% from 1983. Staff payments, which include salaries, pension and other employee benefits, increased \$1.4 million or 5.1% from the previous year. This increase largely reflects costs incurred from the Bank's expansion into U.S. markets. At year-end total staff complement stood at 714, a reduction of 112 from one year earlier.

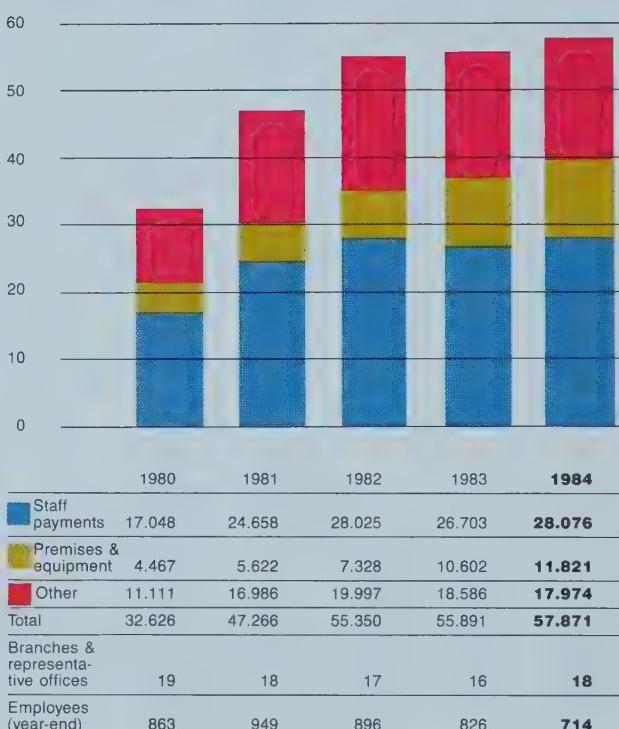
Premises and equipment expenses rose \$1.2 million or 11.5% in 1984, primarily due to higher rental expenses associated with a full year's occupancy of Place Mercantile in Montreal. Recent measures taken to sublet excess office space resulting from reduced internal requirements are expected to have a favourable impact on 1985 premises expenses.

Other non-interest expenses were reduced by \$0.6 million or 3.3% and generally reflect cost reduction measures over a wide range of operating expenses including management consulting fees, brokerage commissions, telephone and data processing costs. One of the major cost reduction programs completed in 1984 was the centralization of branch operations into strategically located regional centres. This program is expected to yield significant cost savings without reducing the high quality of service received by the Bank's customers.

Successful control of costs combined with a resumption of asset growth during the year led to a reduction in the ratio of total non-interest expenses to average assets from 1.34% in 1983 to 1.31% in 1984. A substantial improvement in this ratio is expected in 1985.

Non-Interest Expenses

(\$ millions)



Non-Performing Loans and Loan Losses

Loans are recognized by the Bank as non-current when the customer has not paid interest in accordance with the loan agreement for more than ninety days, or where, in the opinion of management, doubt exists as to the collectibility of principal or interest. Such loans are placed on non-accrual basis and unpaid interest on the loan is reversed and charged against current earnings. If collectibility of the loan principal also appears in doubt, a specific provision for loss is established against the loan and any payment subsequently received is first applied against the principal amount.

A loan may be removed from non-current status only when all interest payments become fully current and senior credit management has determined there is no reasonable doubt as to the ultimate collectibility of principal or interest.

The Bank defines non-performing loans as total non-current loans together with other related assets; for instance, property acquired by the Bank where it has realized on its loan security. During 1984 non-performing loans, net of reserves for losses, were reduced to \$208 million at year-end, a decrease of 21.6% from the previous year.

Loans extended for the purpose of real estate development form the largest component of total non-performing loans. The high proportion of real estate non-performing loans reflects the severe impact of the recent recession on real estate markets in Alberta and British Columbia. The majority of these non-performing real estate loans are secured by revenue producing properties many of which are close to completion or completed.

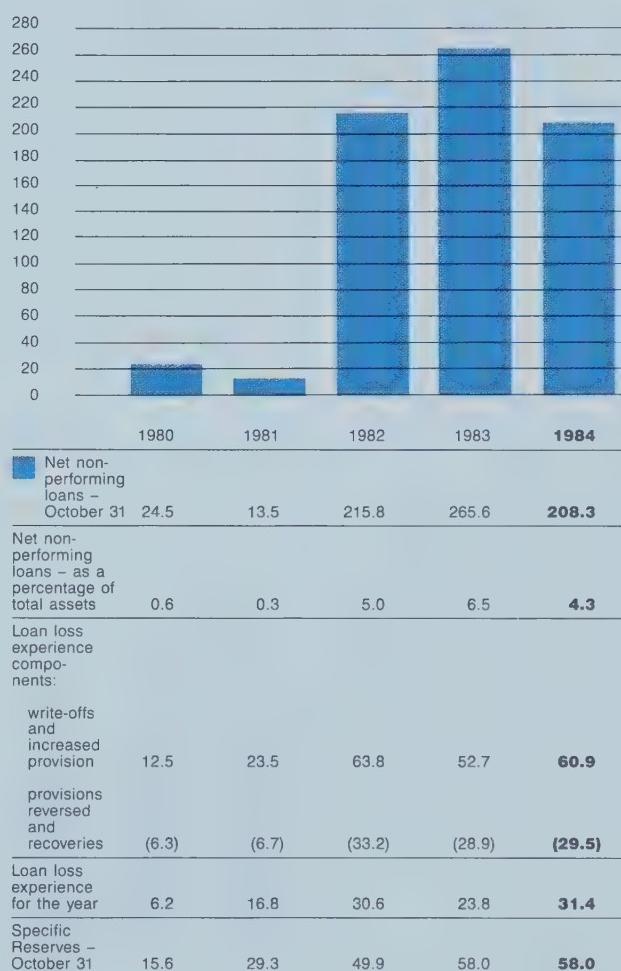
The next largest component of the Bank's problem loans (\$82 million), represents loans to companies based in natural resource industries such as forest products, mining and petroleum. Current performance and future prospects in these sectors remain uncertain. It is encouraging to note, however, that few new corporate loans were classified as non-performing in 1984. In addition, certain loans were returned to full productive status and current negotiations give reason for optimism on several outstanding loans.

The Bank's international sovereign risk exposure is relatively small, but accounts for 10.0% of its non-performing loans, most of which is represented by one country, Argentina. In 1984, public loans to Argentina totalling \$24 million were classified as non-performing, reflecting principal and interest payments in arrears. These loans are the subject of continuing debt rescheduling negotiations. All outstanding interest was reversed and subsequent interest payments will be credited to income only as received.

In recognition of the difficulty in assessing the ability of many international borrowers to service their existing obligations and in compliance with the guidelines issued by the Inspector General of Banks, the Bank has established a general reserve for certain countries. This amounted to \$3.9 million as at October 31, 1984.

The Bank's loan loss experience is defined as the sum of loans written off and the net change in the provision for doubtful loans during the year less recoveries of loans previously written off. In 1984 the loan loss experience was \$31.4 million, an increase of \$7.6 million from 1983.

Net Non-Performing Loans (year end) (\$ millions)



Non-Performing Loans Net of Reserves for Losses by Sector (\$ millions)

as at October 31

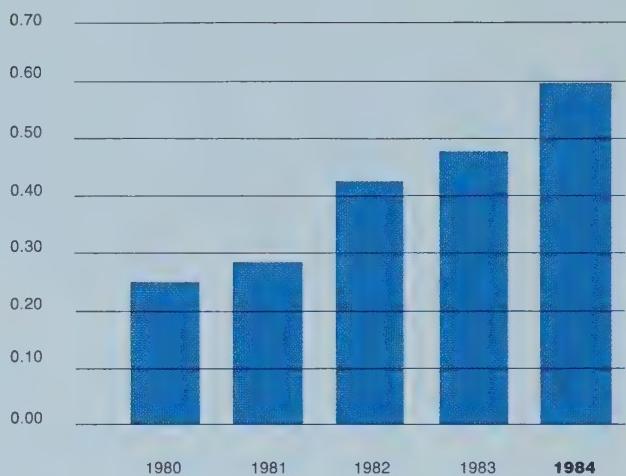
Sector	1984	1983
Real estate	\$ 105.2	\$ 180.6
Forest products	30.4	9.9
Oil & gas	28.6	30.0
International	20.9	0.9
General manufacturing	10.7	19.1
Other	12.5	25.1
Total	\$ 208.3	\$ 265.6

The actual provision for loan losses charged to income for the year is based on a five year averaging formula prescribed by the Minister of Finance. In 1984, the five year average provision for losses was \$23.5 million, an increase of \$6.8 million from 1983. This increase reflects higher loan losses experienced in the recent years, as well as growth in the eligible loan base to which the averaging formula is applied. Due to the formula, which tends to moderate year over year changes, the provision for loan losses is expected to remain high for several years even as loan loss experience declines.

It has been, and remains, the Bank's policy to recognize promptly delinquent loan performance. This policy is reflected in the high ratio of non-current loans to loan loss experience. The high proportion of provisions reversed and recovered, over the past three years provides further evidence of the Bank's conservative policies in this regard.

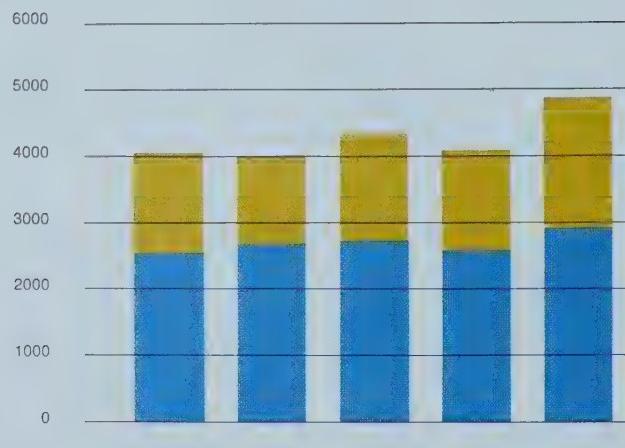
Loan Losses

(percent)



	1980	1981	1982	1983	1984
Five year average loan loss experience as a % of eligible loans	0.25	0.28	0.42	0.47	0.59
(\$ thousands)					
Provision for loan losses	7,385	9,122	15,333	16,726	23,495
Loan loss experience	6,183	16,776	30,649	23,808	31,378
Eligible loans (\$ millions)	3,004	3,232	3,643	3,528	3,970

Total Assets (year end) (cdn. \$ millions)



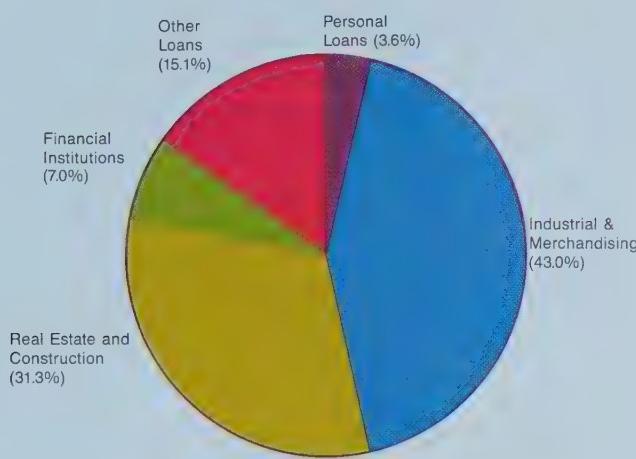
Total Assets

Total assets reached a level of \$4.9 billion at year-end, an increase of 19.0% over 1983. The substantial growth in assets is attributable to three factors. First, the demand for credit by corporate borrowers increased in 1984 in response to the continued economic recovery and supported by the Bank's increased marketing efforts. Second, the Bank significantly increased its holdings of liquid assets in the fourth quarter in response to declining interest rates. Most of these acquired assets are higher yielding, short-term assets that are expected to mature in the near future. Finally, approximately \$100 million of year over year asset growth is attributable to the increased value of foreign currency assets brought about by the declining Canadian dollar.

Loans by Sector

As at September 30, 1984 total loans were \$3.8 billion, an increase of \$0.5 billion or 16.0% from the same date in 1983. Growth in loans primarily occurred in the industrial and merchandising sector where total loans increased \$0.4 billion to \$1.6 billion. This sector is widely diversified and loan growth in the sector reflects the economic recovery experienced in 1984. Growth in Canadian dollar real estate loans was more than offset by a decline in real estate loans made to U.S. borrowers resulting in a 3.3% decrease in total real estate loans. As at September 30, 1984 real estate and construction loans made up 31.3% of the Bank's total loans compared to 37.5% one year earlier.

Total Loans by Sector 1984



	September 30, 1983 (\$ millions)			September 30, 1984 (\$ millions)		
	Canadian Dollar	Foreign Currency	Total	Canadian Dollar	Foreign Currency	Total
Personal Loans	106.6	8.3	114.9	126.8	8.7	135.5
Industrial and Merchandising	831.8	383.4	1,215.2	1,123.8	491.0	1,614.8
Real Estate and Construction	563.9	652.1	1,216.0	642.8	533.2	1,176.0
Financial Institutions	205.1	98.6	303.7	184.0	79.6	263.6
Other Loans	187.1	203.3	390.4	142.5	425.8	568.3
Total	1,894.5	1,345.7	3,240.2	2,219.9	1,538.3	3,758.2

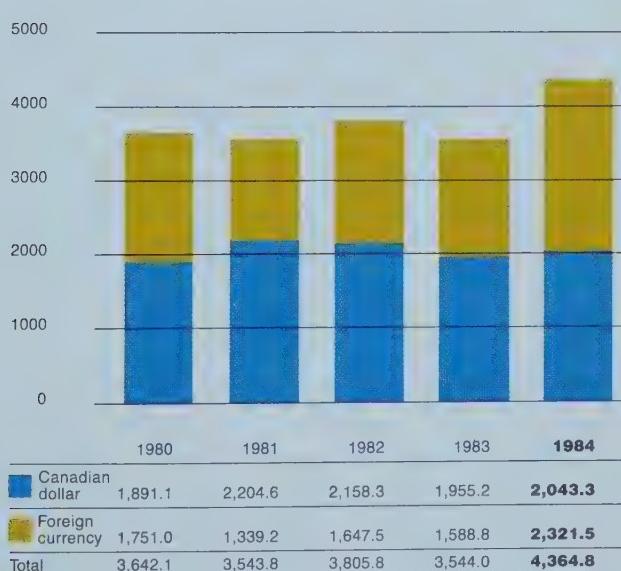
Deposits

As at October 31, 1984 total deposits were \$4.4 billion, an increase of \$0.8 billion or 23.2% from one year earlier.

Access to foreign currency deposits was broadened with the opening of our New York Agency.

Retail funding activity continued to make a significant contribution to the Bank's Canadian dollar deposit base.

Total Deposits (year end) (Cdn \$ millions)



Capital and Capital Ratios

The Bank's capital position was augmented during the year by means of an issue of \$37 million perpetual floating rate preferred shares in August, 1984. Although net income from operations totalled \$12.3 million, after payment of common and preferred share dividends and adjusting for the loan loss experience not charged to income because of the five year average loss formula, total internally generated capital was reduced by \$7.8 million.

The ratio of capital to assets represents one measure of the level of capital adequacy in the banking industry. As at October 31, 1984 the ratio of capital and reserves to total assets was 4.3% compared to 4.4% one year earlier. Including debentures the ratio at year-end was 5.3% compared to 5.5% in 1983. On October 31, 1984, the ratio of total assets to capital and reserves, excluding subordinated debt, was 23.0 compared to 22.8 one year earlier.

Return on common equity, defined as the ratio of net income available to common shareholders to average common equity including appropriations for losses, fell to 5.3% from 11.3% in the previous year.

Total Capital Funds/Total Assets (percent)



**FINANCIAL
STATEMENTS
1984**

Consolidated Statement of Assets and Liabilities

As at October 31 (thousands of dollars)

Assets	1984	1983
Cash Resources		
Cash and deposits with Bank of Canada	\$ 100,470	\$ 113,638
Deposits with other banks	366,005	43,996
	466,475	157,634
Securities (Note 2)		
Issued or guaranteed by Canada	196,651	195,161
Other securities	171,872	129,049
	368,523	324,210
Loans (Note 3)		
Loans to banks	112,461	77,570
Mortgage loans	98,017	85,839
Other loans	3,537,694	3,044,070
	3,748,172	3,207,479
Other		
Customers' liability under acceptances	114,677	263,853
Land, buildings and equipment (Note 4)	44,348	42,130
Other assets	144,207	111,415
	303,232	417,398
	\$4,886,402	\$4,106,721

Robert L. Davidson
Chairman and
Chief Executive Officer

I. Michael Sweatman
President and
Chief Operating Officer

Liabilities	1984	1983
Deposits (Note 5)		
Payable on demand	\$ 136,257	\$ 61,610
Payable after notice	9,243	9,848
Payable on a fixed date	4,219,253	3,472,572
	4,364,753	3,544,030
Other		
Cheques and other items in transit, net	52,627	5,303
Acceptances	114,677	263,853
Other liabilities	97,113	68,053
	264,417	337,209
Subordinated Debt		
Bank debentures (Note 6)	45,000	45,000
	45,000	45,000
Capital and Reserves		
Appropriations for contingencies	15,950	15,833
Shareholders' equity		
Capital stock (Note 7)		
Class A Preferred shares	76,432	36,720
Common shares	40,000	40,000
Contributed surplus	11,950	11,950
Retained earnings	67,900	75,979
	212,232	180,482
	\$4,886,402	\$4,106,721

Auditors' report to the shareholders

We have examined the consolidated statement of assets and liabilities of The Mercantile Bank of Canada as at October 31, 1984 and the consolidated statements of income, appropriations for contingencies and changes in shareholders' equity for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Bank as at October 31, 1984 and the results of its operations for the year then ended in accordance with prescribed accounting principles applied on a basis consistent with that of the preceding year.

Montreal, Quebec
December 5, 1984

Peat, Marwick, Mitchell & Cie
Maheu Noiseux

**FINANCIAL
STATEMENTS
1984**

Consolidated Statement of Income

Year ended October 31 (thousands of dollars)

	1984	1983
Interest Income		
Income from loans, excluding leases	\$ 433,373	\$ 387,688
Income from lease financing	—	3,183
Income from securities	46,127	47,140
Income from deposits with banks	18,277	11,513
Total interest income, including dividends	497,777	449,524
Interest Expense		
Interest on deposits	409,561	362,165
Interest on bank debentures	4,448	4,418
Interest on liabilities other than deposits	15,851	11,814
Total interest expense	429,860	378,397
Net interest income	67,917	71,127
Provision for loan losses	23,495	16,726
Net interest income after loan loss provision	44,422	54,401
Other income	27,567	24,844
Net interest and other income	71,989	79,245
Non-Interest Expenses		
Salaries	24,649	23,914
Pension contributions and other staff benefits	3,427	2,789
Premises and equipment expenses, including depreciation	11,821	10,602
Other expenses	17,974	18,586
Total non-interest expenses	57,871	55,891
Income before provision for income taxes	14,118	23,354
Provision for income taxes (Note 9)	1,789	3,330
Net income	\$ 12,329	\$ 20,024
Average number of common shares outstanding	8,000,000	8,000,000
Net income per common share	\$ 0.92	\$ 2.01
Dividends declared on common shares	\$ 7,280	\$ 8,640
Dividends per common share	\$ 0.91	\$ 1.08

Consolidated Statement of Appropriations for Contingencies

Year ended October 31 (thousands of dollars)

	1984	1983
Balance at beginning of year (all tax-paid)	\$ 15,833	\$ 12,215
Changes during year		
Net loss experience on loans	(31,378)	(23,808)
Provision for loan losses included in the Consolidated Statement of Income	23,495	16,726
Transfer from retained earnings	8,000	10,700
Balance at end of year (all tax-paid)	\$ 15,950	\$ 15,833

Consolidated Statement of Changes in Shareholders' Equity
 Year ended October 31 (thousands of dollars)

	1984	1983
Capital Stock (Note 7)		
Balance at beginning of year		
Common shares	\$ 40,000	\$ 40,000
Preferred shares (Note 8)	39,432	36,720
Increase during the year		
Preferred shares	37,000	—
Balance at end of year	\$ 116,432	\$ 76,720
Contributed Surplus		
Balance at beginning and end of year	\$ 11,950	\$ 11,950
Retained Earnings		
Balance at beginning of year	\$ 75,979	\$ 75,073
Net income for the year	12,329	20,024
Dividends – common shares	(7,280)	(8,640)
– preferred shares	(4,970)	(3,982)
Share issue expenses (net of income taxes 1984 – \$572; 1983 – \$109)	(652)	(121)
Net unrealized foreign currency translation gains (net of income taxes 1984 – \$433)	494	—
Transfer to appropriations for contingencies (net of income taxes 1984 – nil; 1983 – \$4,325)	(8,000)	(6,375)
Balance at end of year	\$ 67,900	\$ 75,979

Statement of Responsibility for Financial Data

The consolidated financial statements of The Mercantile Bank of Canada have been prepared by, and are the responsibility of, the Bank's management. The presentation and information contained therein have been prepared in accordance with the provisions of the Bank Act, the related rules issued by the Minister of Finance and generally accepted accounting principles. Certain amounts must of necessity be based on best estimates and informed judgements of management.

In discharging its responsibility for the integrity and fairness of the financial statements and for the accounting systems from which they are derived, management maintains the necessary internal controls to provide assurance that transactions are approved, assets are safeguarded and proper records are maintained. These controls include written policy and procedure manuals, segregation of responsibilities, quality standards in hiring and training employees and extensive internal audits.

The system of internal controls is supported by an inspection staff which conducts annual inspections of all aspects of the Bank's operations. The Bank's Chief Inspector has full and free access to the Audit and Examining Committee of the Board of Directors. The Audit and Examining Committee is composed solely of directors who are not officers or employees of the Bank.

At least once a year the Inspector General of Banks conducts an examination into the Bank's affairs, as he deems appropriate, to satisfy himself that the provisions of the Bank Act relating to the safety of the depositors and shareholders of the Bank are adhered to and that the Bank is in a sound financial condition.

Peat, Marwick, Mitchell & Cie and Maheu Noiseux, the shareholders' auditors for 1984, have examined our consolidated financial statements in accordance with generally accepted auditing standards believed by them to be sufficient to provide reasonable assurance that the consolidated financial statements present fairly the financial position of The Mercantile Bank of Canada and subsidiaries as at October 31, 1984 and the results of its operations for the year then ended in accordance with prescribed accounting principles.

Robert L. Davidson
 Chairman and
 Chief Executive Officer

I. Michael Sweatman
 President and
 Chief Operating Officer

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

All tabular dollar amounts are in thousands unless otherwise stated.

1. Significant Accounting Policies

The Bank Act and the related rules issued under the authority of the Minister of Finance prescribe the format of the financial statements and the significant accounting policies. The significant accounting policies are as follows:

Consolidation

The consolidated financial statements include the assets and liabilities and results of operations of the Bank's subsidiaries, all of which are wholly owned:

- Mercantile Canada Finance B.V.
- The Mercantile Bank of Canada International N.V.
- MBC Financial Services Corporation
- MBC Mortgage Corporation
- MBC Realty Corporation

The consolidated financial statements also include the Bank's proportionate share of all assets and liabilities and results of operation of a joint venture which owns and operates Place Mercantile, the Bank's headquarters in Montreal.

Securities

Fixed term securities held in the investment account are carried at amortized cost while other securities are carried at cost. Trading account securities are carried at market value.

Realized gains and losses on the disposal of fixed term securities are amortized on a straight-line basis over a period of five years. The unamortized balances of realized gains and losses are included in other assets or other liabilities in the Consolidated Statement of Assets and Liabilities. Realized gains and losses on the disposal of Government of Canada Treasury Bills and equity securities are reflected in the Consolidated Statement of Income in the period in which they are incurred. Gains and losses on securities in the trading account resulting from disposals and revaluations to market are recognized in full as they occur in the Consolidated Statement of Income.

Loans

Loans are recorded at estimated realizable value. Increases or decreases in specific provisions required to adjust loans to estimated realizable value together with write-offs and cash recoveries on loans previously written off comprise the loan loss experience for the year.

The provision for loan losses included in the Consolidated Statement of Income results from applying a five-year moving weighted average ratio of loan loss experience to outstanding eligible loans at year-end. The method of calculation and the definition of eligible loans are prescribed in regulations issued by the Minister of Finance.

The difference between the actual loan loss experience for the year and the provision for losses is charged or credited in the Consolidated Statement of Appropriations for Contingencies.

Interest revenue is recorded on the accrual basis until such time as the loan is classified as non-current. At that time any uncollected interest is reversed and charged against current income.

Loans are determined to be non-current when the borrower has not paid interest in accordance with the loan agreement for 90 days or more or where the Bank has taken realization proceedings or where the Bank's management is of the opinion that the loans should be regarded as non-current. Any payments received in respect of non-current loans where losses have been provided for are first applied to reduce the principal amount. On occasion, title to assets is received in satisfaction of indebtedness. These loan realizations are included at their estimated realizable value in other assets until final disposition.

Appropriations for Contingencies

The Bank maintains an appropriations for contingencies account the purpose of which is to provide for unforeseen future losses in respect of loans. This appropriation is in addition to provisions against specific loans.

The account consists of two portions, tax-allowable and tax-paid. Transactions through the tax-allowable portion include the net loan loss experience and the provision for loan losses charged to the Consolidated Statement of Income in respect of the Bank itself, together with transfers from retained earnings. The tax-allowable portion is limited to an amount equal to 1½% of the aggregate book value of the eligible assets net of specific provisions in respect of these assets up to a value of \$2 billion and 1% of the remainder of eligible assets. Transactions through the tax-paid portion include the net loan loss experience and the provision for loan losses charged to the Consolidated Statement of Income in respect of subsidiaries of the Bank, together with any transfers upon which income tax has been paid. In addition the Bank may make transfers from retained earnings to tax-paid appropriations as deemed appropriate.

Land, Buildings and Equipment

Land is recorded at cost while buildings and equipment are carried at cost less accumulated depreciation. Buildings and equipment are depreciated over their estimated useful lives using the straight-line method. Gains and losses on the disposal of fixed assets are recorded in the Consolidated Statement of Income.

Translation of Foreign Currencies

Assets and liabilities in foreign currencies are translated into Canadian dollars at year-end exchange rates. Revenue and expenses in foreign currencies are translated into Canadian dollars at average exchange rates for the year. Premiums and discounts on deposit swaps are amortized over the period to maturity as interest expense. Realized and unrealized gains and losses from foreign currency translation are included in other income in the Consolidated Statement of Income, with the exception of unrealized gains and losses in respect of net investment positions in foreign operations, which are included net of applicable income taxes in retained earnings in the Consolidated Statement of Changes in Shareholders' Equity.

Prior to November 1, 1983, unrealized gains and losses in respect of net investment positions in foreign operations were reported in other income in the Consolidated Statement of Income. In accordance with instructions issued under the authority of the Minister of Finance, this change in accounting policy has been applied prospectively and the prior year's financial statements have not been adjusted. The effect of this change is not material in relation to the prior year's financial statements.

Income Taxes

Deferred income taxes are provided to recognize items of income and expense that may affect income for tax purposes in a period different from that in which they affect income for accounting and reporting purposes. Income taxes provided represent taxes applicable to the income reported in the Consolidated Statement of Income and to the tax-allowable appropriations from retained earnings recorded in the Consolidated Statement of Appropriations for Contingencies regardless of when such taxes are actually paid. When the Bank is virtually certain of realizing a future income tax reduction from a loss for tax purposes incurred in the reporting period, such future income tax reduction is recognized in the accounts in the current year. Deferred income taxes are recorded in other assets or other liabilities, as applicable. Income taxes are not provided on unremitted income of foreign subsidiaries as such income is reinvested abroad.

Acceptances

The potential liability of the Bank under acceptances is reported as a liability in the Consolidated Statement of Assets and Liabilities. The Bank's recourse against the customer in the event of a call on any of these commitments is reported as an offsetting asset of the same amount.

Pension Plan

Actuarial valuations of the Bank's pension plan are made at least every three years. Pension costs are reflected in the Consolidated Statement of Income.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Securities	1984	1983
Securities issued or guaranteed by Canada:		
Treasury bills	\$146,421	\$137,601
Other securities maturing within three years	10,019	10,033
Other securities	40,080	47,392
Municipal corporations	—	1,485
	196,520	196,511
Other securities:		
Debt of Canadian issuers		
Income debentures	225	—
Other	78,075	25,000
Debt of foreign issuers	20,949	24,335
	99,249	49,335
Equities of Canadian issuers:		
Term preferred shares	72,596	78,148
Other	27	81
	72,623	78,229
Total securities held for investment account	368,392	324,075
Securities held for trading account	131	135
Total securities, at carrying value	\$368,523	\$324,210

The maturity analysis of the above securities, at carrying values, is as follows:

Maturity	Securities issued or guaranteed by Canada	Other securities		1984	1983
		Debt	Equity	Total	Total
Under one year	\$146,421	\$73,831	\$ 1,884	\$222,136	\$170,665
1 to 3 years	10,019	4,469	5,000	19,488	14,033
3 to 5 years	14,365	—	20,000	34,365	24,375
5 to 10 years	6,179	—	43,462	49,641	58,037
Over 10 years	19,667	20,949	2,250	42,866	57,019
No specific maturity	—	—	27	27	81
Total	\$196,651	\$99,249	\$72,623	\$368,523	\$324,210

3. Loans, Net of Provisions for Losses (millions of dollars)

	1984	1983
Current loans, gross		
Banks	\$ 112	\$ 78
Mortgages	98	86
Other loans	3,351	2,803
	3,561	2,967
Non-current loans	245	298
Specific provisions	58	58
Net non-current loans	187	240
Loans, net of provisions for losses	\$3,748	\$3,207

In certain circumstances the Bank has realized on its loan security. These loan realizations are included in other assets and totalled \$21,400,000 at October 31, 1984 (\$26,500,000 at October 31, 1983).

4. Land, Buildings and Equipment	1984	1983		
	Cost	Accumulated depreciation	Net book value	Net book value
Land	\$ 1,693	\$ —	\$ 1,693	\$ 1,693
Buildings	24,045	330	23,715	22,449
Equipment	12,056	4,245	7,811	7,417
Leasehold improvements	15,018	3,889	11,129	10,571
	\$52,812	\$8,464	\$44,348	\$42,130

5. Deposits				1984	1983
	Payable on demand	Payable after notice	Payable on a fixed date	Total	Total
Deposits by:					
Canada	\$ 27,139	\$ —	\$ —	\$ 27,139	\$ 4,374
Provinces	—	—	16,264	16,264	34,981
Banks	55,479	—	1,982,693	2,038,172	1,273,395
Individuals	1,843	8,808	240,530	251,181	238,142
Others	51,796	435	1,979,766	2,031,997	1,993,138
	\$136,257	\$9,243	\$4,219,253	\$4,364,753	\$3,544,030

6. Bank Debentures	1984	1983
The debentures are subordinated to the claims of depositors and other creditors and consist of: 9% debentures due January 3, 1997, redeemable on January 3, 1987 if option exercised between January 15 and July 15, 1986 (authorized \$30,000,000)	\$30,000	\$30,000
Variable rate debentures due October 4, 1995 with interest payable at a rate per annum equal to Mercantile Bank Prime less one half of one per cent, redeemable on or after October 5, 1986 at the option of the Bank (authorized \$15,000,000)	15,000	15,000
	\$45,000	\$45,000

7. Capital Stock

The authorized share capital of the Bank consists of:

- 20,000,000 common shares with a par value of \$5 each
- 5,000,000 Class A Preferred Shares without nominal or par value, issuable in series for an aggregate consideration not exceeding \$100 million
- 5,000,000 Class B Preferred Shares without nominal or par value, issuable in series for an aggregate consideration not exceeding \$100 million.

At October 31, 1984 the following shares had been issued and were outstanding:

- 8,000,000 common shares
- 1,200,000 Class A Series 1, U.S. \$2.6875 Cumulative Redeemable Preferred Shares for an aggregate cash consideration of U.S. \$30,000,000
- 1,480,000 Class A Series 2, floating rate Cumulative Redeemable Preferred Shares for an aggregate cash consideration of \$37,000,000.

Series 1

The Series 1 Class A Preferred Shares have a stated value of U.S. \$25.00 and are retractable at the option of the holders on December 31, 1992 at U.S. \$25.00 per share. The shares are redeemable after December 31, 1989 at prices commencing at U.S. \$26.20 per share and declining by U.S. \$0.40 each year to U.S. \$25.00 per share on January 1, 1993. The holders have the right to elect to receive any dividend, retraction or redemption payment in the Canadian dollar equivalent thereof.

Series 2

The Series 2 Class A Preferred Shares have a stated value of \$25.00 and carry a minimum dividend rate of 8½% until August 1, 1990. The shares are redeemable at the option of the Bank after August 31, 1989 at prices commencing at \$26.00 and declining by \$0.20 each year to \$25.00 per share on September 1, 1994.

8. Preferred Shares

In 1984, the U.S. \$30,000,000 preferred shares were converted at the rate of exchange in effect at the end of the year. In prior years, the U.S. dollar preferred shares and an equivalent amount of U.S. dollar assets were translated into Canadian dollars using the exchange rate at the date of issue of the preferred shares.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9. Provision for Income Taxes

The aggregate provision (credit) for income taxes is made up as follows:

	1984	1983
Consolidated Statement of Income		
Current	\$2,556	\$ 3,787
Deferred	(767)	(457)
	1,789	3,330
Retained Earnings		
Deferred	(139)	(4,434)
	\$1,650	\$(1,104)

The Bank's provision for income taxes differs from the marginal tax rate applied to net income before provision for income taxes because certain sources of income are exempt from tax or are taxed at less than the marginal rates. The components of the Bank's effective income tax rate are the following:

	1984	1983
Combined marginal Canadian federal and provincial income tax rate	46.8%	47.1%
Effect of tax-exempt income from securities	(24.7)	(22.9)
Lower average tax rate on earnings of foreign subsidiaries	(23.3)	(16.9)
Excess foreign non-business income taxes	8.7	7.9
Miscellaneous	5.2	(0.9)
Effective income tax rate	12.7%	14.3%

Other assets include deferred tax debits in the amount of \$30,633,000 (1983-\$21,672,000) and other liabilities include deferred tax credits in the amount of \$6,883,000 (1983-\$1,547,000) in recognition of timing differences.

10. Segmented Information (millions of dollars)

Assets

An analysis of the Bank's aggregate outstanding securities, deposits with other banks, customers' liability under acceptances and loans, excluding mortgages, by geographic location of ultimate risk, is as follows as at October 31:

	1984	1983
Domestic	\$2,999	\$2,653
United States	1,059	820
Europe	165	71
Brazil	78	70
Mexico	54	51
Other Latin America/Caribbean	102	49
Asia/Pacific	26	7
Middle East/Africa	16	32
	\$4,499	\$3,753

Income

An analysis of the total interest income, including dividends and other income but excluding interest on mortgages, on the basis of residence is as follows for the year ended October 31:

	1984	1983
Domestic	\$336	\$308
United States	130	117
International	48	37
	\$514	\$462

11. Long-term Commitments for Leases

Rental expense under long-term non-cancellable operating leases for premises and equipment for the year ended October 31, 1984 was \$7,699,000 (1983 - \$7,563,000). Future rental commitments for premises and equipment involving annual rentals in excess of \$25,000 per unit are as follows:

	Buildings	Equipment	Total
1985	\$ 4,861	\$ 27	\$ 4,888
1986	4,170	27	4,197
1987	4,052	—	4,052
1988	3,276	—	3,276
1989 and thereafter	11,716	—	11,716
	\$28,075	\$54	\$28,129

12. Pension Costs

The Bank's employee pension plan covers all employees of the Bank in Canada after one year of service and was fully funded at October 31, 1983, the date of the last actuarial valuation. There were no funding requirements in respect of the year ended October 31, 1984.

13. Contingent Liabilities

The Bank's potential liability under guarantees and letters of credit amounted to \$107,253,000 in 1984 (1983 - \$134,794,000).

The Bank received notices of reassessment from Revenue Canada, Taxation and the Ministry of Revenue, Ontario, for the fiscal years 1978 to 1981, inclusive, in an aggregate amount of approximately \$12,000,000 including interest. The Bank filed notices of objection in respect of all the reassessments within the prescribed delays and intends to contest each reassessment on its merits. No provision has been established in respect of this potential liability. The Bank is confident that it will be successful in overturning a substantial portion of the reassessments and that any liability which may ultimately be incurred will not have a material adverse effect on the business or operations of the Bank.

In November 1984, the U.S. Internal Revenue Service submitted proposed adjustments to MBC Financial Services Corporation for the years 1981 to 1983, inclusive. The proposed adjustments relate to transactions between MBC Financial Services Corporation and another wholly-owned subsidiary of the Bank. The Bank intends to vigorously challenge these proposals as it believes they are based on an improper interpretation and application of U.S. tax law, as it applies to financial institutions. Due to the nature and status of these proposals it is not presently possible to determine the amount of the liability. Management believes that any resulting liability will not materially affect the business or operations of the Bank.

14. Related Party Transactions

Citibank, N.A. owns 24.2% of the outstanding common shares of the Bank. In the normal course of its business the Bank deals with Citibank on an arm's length basis.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

15. Condensed Financial Statements in accordance with Section 215 (3) (e) of the Bank Act

MBC Mortgage Corporation Statement of Assets and Liabilities

As at October 31 (thousands of dollars)

Assets	1984	1983	Liabilities	1984	1983
Deposits with banks	\$ 518	\$ 1,280	Notes payable	\$ 36,100	\$33,012
Mortgage loans	47,038	42,680	Other liabilities	2,244	1,607
Other assets	916	924	Capital stock	10,000	10,000
			Retained earnings	128	265
	\$ 48,472	\$44,884		\$ 48,472	\$44,884

Statement of Income

Year ended October 31 (thousands of dollars)

	1984	1983
Income		
Income from loans	\$ 4,816	\$ 5,208
Income from deposits with banks	949	219
Total income	5,765	5,427
Expenses		
Interest on notes	5,524	4,602
Interest on liabilities other than notes	142	238
Other expenses	367	187
Total expenses	6,033	5,027
Income before income taxes	(268)	400
Income taxes	(131)	196
Net income	\$ (137)	\$ 204

Note

The Mercantile Bank of Canada owns the entire capital stock of MBC Mortgage Corporation with the exception of the directors' qualifying shares.

FIVE-YEAR STATISTICAL REVIEW

Consolidated Statement of Assets and Liabilities

As at October 31 (thousands of dollars)

Assets	1984	1983	1982	1981	1980
Cash Resources					
Cash and deposits with Bank of Canada	\$ 100,470	\$ 113,638	\$ 151,348	\$ 170,391	\$ 129,956
Deposits with other banks	366,005	43,996	196,281	209,711	444,610
Cheques and other items in transit, net	—	—	—	—	—
	466,475	157,634	347,629	380,102	574,566
Securities					
Issued or guaranteed by Canada	196,651	195,161	208,763	245,379	333,315
Issued or guaranteed by provinces and municipal or school corporations	—	1,485	—	—	—
Other securities	171,872	127,564	282,157	299,735	200,365
	368,523	324,210	490,920	545,114	533,680
Loans					
Day, call and short loans to investment dealers and brokers, secured	—	—	—	—	35,000
Loans to banks	112,461	77,570	71,218	86,161	88,050
Mortgage loans	98,017	85,839	98,594	83,906	84,153
Other loans	3,537,694	3,044,070	3,102,222	2,748,926	2,572,125
	3,748,172	3,207,479	3,272,034	2,918,993	2,779,328
Other					
Customers' liability under acceptances	114,672	263,853	121,751	51,995	72,672
Land, buildings and equipment	44,348	42,130	32,035	15,076	7,533
Other assets	144,207	111,415	73,563	102,954	106,891
	303,232	417,398	227,349	170,025	187,096
	\$4,886,402	\$4,106,721	\$4,337,932	\$4,014,234	\$4,074,670
Liabilities					
Deposits					
Payable on demand	\$ 136,257	\$ 61,610	\$ 68,988	\$ 81,042	\$ 114,233
Payable after notice	9,243	9,848	5,017	4,365	5,106
Payable on a fixed date	4,219,253	3,472,572	3,731,782	3,458,402	3,522,765
	4,364,753	3,544,030	3,805,787	3,543,809	3,642,104
Other					
Cheques and other items in transit, net	52,627	5,303	87,570	154,935	76,990
Acceptances	114,677	263,853	121,751	51,995	72,672
Other liabilities	97,113	68,053	101,866	70,170	105,214
	264,417	337,209	311,187	277,100	254,876
Subordinated Debt					
Bank debentures	45,000	45,000	45,000	45,000	42,000
	45,000	45,000	45,000	45,000	42,000
Capital and Reserves					
Appropriations for contingencies	15,950	15,833	12,215	12,531	21,391
Shareholders' Equity					
Capital stock					
Class A Preferred shares	76,432	36,720	36,720	—	—
Common shares	40,000	40,000	40,000	40,000	40,000
Contributed surplus	11,950	11,950	11,950	11,950	11,950
Retained earnings	67,900	75,979	75,073	83,844	62,349
	212,232	180,482	175,958	148,325	135,690
	\$4,886,402	\$4,106,721	\$4,337,932	\$4,014,234	\$4,074,670

FIVE-YEAR STATISTICAL REVIEW

Consolidated Statement of Income Year ended October 31 (thousands of dollars)

	1984	1983	1982	1981	1980
Interest Income					
Income from loans, excluding leases	\$ 433,373	\$ 387,688	\$ 573,532	\$ 602,388	\$ 405,682
Income from lease financing	—	3,183	3,492	3,781	328
Income from securities	46,127	47,140	50,816	52,844	36,213
Income from deposits with banks	18,277	11,513	16,016	20,442	21,110
Total interest income, including dividends	497,777	449,524	643,856	679,455	463,333
Interest Expense					
Interest on deposits	409,561	362,165	583,364	601,657	396,286
Interest on bank debentures	4,448	4,418	5,196	5,490	2,906
Interest on liabilities other than deposits	15,851	11,814	860	269	91
Total interest expense	429,860	378,397	589,420	607,416	399,283
Net interest income	67,917	71,127	54,436	72,039	64,050
Provision for loan losses	23,495	16,726	15,333	9,122	7,385
Net Interest income after loan loss provision	44,422	54,401	39,103	62,917	56,665
Other income	27,567	24,844	24,457	21,527	16,455
Net interest and other income	71,989	79,245	63,560	84,444	73,120
Non-Interest Expenses					
Salaries	24,649	23,914	23,651	21,012	14,877
Pension contributions and other staff benefits	3,247	2,789	4,374	3,646	2,171
Premises and equipment expenses including depreciation	11,821	10,602	7,328	5,622	4,467
Other expenses	17,974	18,586	19,997	16,986	11,111
Total non-interest expenses	57,871	55,891	55,350	47,266	32,626
Income before provision for income taxes	14,118	23,354	8,210	37,178	40,494
Provision for income taxes	1,789	3,330	(7,257)	8,898	15,276
Net income	\$ 12,329	\$ 20,024	\$ 15,467	\$ 28,280	\$ 25,218
Average number of common shares outstanding	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
Net income per common share	\$ 0.92	\$ 2.01	\$ 1.93	\$ 3.54	\$ 3.15
Dividends declared	\$ 7,280	\$ 8,640	\$ 8,640	\$ 7,920	\$ 7,200
Dividends per common share	\$ 0.91	\$ 1.08	\$ 1.08	\$ 0.99	\$ 0.90

Consolidated Statement of Appropriations for Contingencies

Year ended October 31 (thousands of dollars)

	1984	1983	1982	1981	1980
Balance at beginning of year					
Tax-allowable	\$ —	\$ —	\$ 12,531	\$ 21,391	\$ 16,196
Tax-paid	15,833	12,215	—	—	—
Total	15,833	12,215	12,531	21,391	16,196
Changes during year					
Net loss experience on loans	(31,378)	(23,808)	(30,649)	(16,776)	(6,183)
Provision for loan losses included in the Consolidated Statement of Income	23,495	16,726	15,333	9,122	7,385
Transfer from retained earnings	8,000	10,700	15,000	(1,206)	3,993
Net change during year	117	3,618	(316)	(8,860)	5,195
Balance at end of year					
Tax-allowable	\$ —	\$ —	\$ —	\$ 12,531	\$ 21,391
Tax-paid	15,950	15,833	12,215	—	—
Total	\$ 15,950	\$ 15,833	\$ 12,215	\$ 12,531	\$ 21,391

Consolidated Statement of Changes in Shareholders' Equity

Year ended October 31 (thousands of dollars)

	1984	1983	1982	1981	1980
Capital Stock					
Balance at beginning of year					
Common shares	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000
Preferred shares	39,432	36,720	—	—	—
Increase during the year					
Preferred shares	37,000	—	36,720	—	—
Balance at end of year	\$ 116,432	\$ 76,720	\$ 76,720	\$ 40,000	\$ 40,000
Contributed Surplus					
Balance at beginning and end of year	\$ 11,950	\$ 11,950	\$ 11,950	\$ 11,950	\$ 11,950
Retained Earnings					
Balance at beginning of year	\$ 75,979	\$ 75,073	\$ 83,844	\$ 62,349	\$ 46,075
Net income for the year	12,329	20,024	15,467	28,280	25,218
Dividends—common shares	(7,280)	(8,640)	(8,640)	(7,920)	(7,200)
—preferred shares	(4,970)	(3,982)	—	—	—
Share issue expenses net of tax	(652)	(121)	(598)	—	—
Net unrealized foreign currency translation gains net of tax	494	—	—	—	—
Transfer (to) from appropriations for contingencies	(8,000)	(10,700)	(15,000)	1,206	(3,993)
Income taxes related to the above transfer	—	4,325	—	(71)	2,249
Balance at end of year	\$ 67,900	\$ 75,979	\$ 75,073	\$ 83,844	\$ 62,349

QUARTERLY FINANCIAL DATA

Quarterly Financial Data (unaudited)

(thousand of dollars except per common share amounts)

	1984 Quarter Ended				1983 Quarter Ended			
	January 31	April 30	July 31	October 31	January 31	April 30	July 31	October 31
Interest and dividend income	\$ 106,476	\$ 117,932	\$ 127,935	\$ 145,434	\$ 120,435	\$ 108,083	\$ 108,842	\$ 112,164
Interest expense	90,857	94,501	114,477	130,025	105,438	87,567	89,526	95,866
Net interest income	15,619	23,431	13,458	15,409	14,997	20,516	19,316	16,298
Provision for loan losses	5,506	6,235	6,235	5,519	4,114	4,188	5,174	3,250
Net interest income after provision for loan losses	10,113	17,196	7,223	9,890	10,883	16,328	14,142	13,048
Other operating income	5,856	6,791	7,207	7,713	5,371	5,447	6,182	7,844
Net interest and other income	15,969	23,987	14,430	17,603	16,254	21,775	20,324	20,892
Non-interest expense	14,463	14,825	13,938	14,645	13,021	13,687	14,607	14,576
Income before provision for income taxes	1,506	9,162	492	2,958	3,233	8,088	5,717	6,316
Provision (credit) for income taxes	(104)	2,933	(1,131)	91	(880)	1,643	988	1,579
Net income	\$ 1,610	\$ 6,229	\$ 1,623	\$ 2,867	\$ 4,113	\$ 6,445	\$ 4,729	\$ 4,737
Per common share:								
Net income	\$ 0.08	\$ 0.65	\$ 0.07	\$ 0.12	\$ 0.38	\$ 0.69	\$ 0.47	\$ 0.47
Dividends	\$ 0.27	\$ 0.27	\$ 0.27	\$ 0.10	\$ 0.27	\$ 0.27	\$ 0.27	\$ 0.27
Average number of common shares outstanding	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
Dividends declared								
—common shares	\$ 2,160	\$ 2,160	\$ 2,160	\$ 800	\$ 2,160	\$ 2,160	\$ 2,160	\$ 2,160
—preferred shares	\$ 1,005	\$ 1,024	\$ 1,066	\$ 1,875	\$ 1,040	\$ 962	\$ 994	\$ 986

DIRECTORS

Robert L. Davidson
Montreal
Chairman and
Chief Executive Officer
of the Bank

I. Michael Sweatman
Montreal
President and
Chief Operating Officer
of the Bank

André Bachand
Montreal
Consultant
Université de Montréal
Vice-President
of the Bank

Hugh A. Benham
Winnipeg
Investment Counsel
Vice-President
of the Bank

G.A. Costanzo
Vero Beach, Florida
Company Director
Vice-President
of the Bank

Robin J. Abercrombie
Vancouver
President
Roberts Creek
Resources Ltd.

Sam Abramovitch
Montreal
Chairman
United Westburne
Industries Limited

William E. Bergen
Saskatoon
Consultant

Carl W. Desch
New York
Company Director

Mitchell Franklin
Saint John, N.B.
Chairman
Franklin Enterprises
Limited

Velma M. Henderson
Montreal
Vice-President and
Secretary of the Bank

Ian Jamieson
Georgetown, Ontario
President
Lincluden Management
Limited

Michel Perron
La Sarre, Quebec
Chairman and Chief
Executive Officer
Normick Perron Inc.

William R. Rhodes
New York
Chairman
Restructuring Committee
Citicorp

Kenneth Rotenberg
Toronto
Chairman
Rostland Corporation

H. Arnold Steinberg
Montreal
Executive Vice-President
Finance and Development
Steinberg Inc.

Edward D.H. Wilkinson, Q.C.
Vancouver
Partner
Russell & DuMoulin

OFFICERS

HEAD OFFICE

Chairman and Chief Executive Officer
Robert L. Davidson

President and Chief Operating Officer
I. Michael Sweatman

Executive Vice Presidents

Nathan Bossen
Finance

Raymond M. Roy
Corporate Services
J. Scott Shelly (Toronto)
Corporate Banking,
Canada

Senior Vice President
Larry Pirnak (Toronto)
Credit Policy

Vice Presidents

Walter N. Ancuta
General Counsel

Gillian Barnes
Human Resources

Duncan B. Cameron
Corporate Planning

Maurice M. Christens
Chief Inspector

Velma M. Henderson
Corporate Secretary
Charles A. Hughes
Credit Inspection

Ronald W. Price
Taxation

Paul D. Snyder (Toronto)
Credit Policy

Ian G. Wetherly
Comptroller

Assistant Vice Presidents

Jeffrey Biteen
Compensation

Thomas L. Evans
Assistant Comptroller
Marc Gian
Employee Organization

Glenn B. Higginbotham
Counsel

John W. Preston
Operations Policy

CORPORATE BANKING, CANADA

Executive Vice President
J. Scott Shelly (Toronto)

Eastern Division

Senior Vice President
J. Raymond R. McManus

Vice Presidents

Roger Giraldeau (Montreal)
Robert Massicotte
Eastern Division

Assistant Vice Presidents

Grant F. Butt (Montreal)
Peter R. Forton (Montreal)
Jacques Gagnier (Montreal)

Managers

Gilles Léonard (Quebec)
James McCallion (Halifax)
Kenneth A. Toten (Ottawa)

Central Division

Senior Vice President
F. Barrie Usher

Vice Presidents

Graham D. Senst
Central Division
Geza Zarand
Winnipeg

Assistant Vice Presidents

Stephen R. Dreschel (Mississauga)
Andrew J. MacDougall (Toronto)
W. Colin Reid (Winnipeg)
Gary R. Wade (Toronto)

Managers

Randall T. Samuel (Hamilton)
Peter J.F. Scott (London)

Western Division

Senior Vice President
Lloyd M. Craig

Vice Presidents

J. Robert Fraser
Western Division
Bruna A. Giacomazzi (Vancouver)
Lloyd D. McDermid
Energy Group
Kevin J. McKenna
Vancouver
Chief Petroleum Engineer
Walter J. Mazuryk
Calgary

Assistant Vice Presidents

Deborah J. Ambrose (Calgary)
Robert T. Dean (Vancouver)
Robert M. Gale (Vancouver)

Managers

Allison K. Brownlee (Regina)
Ian A. Dalrymple (Edmonton)

Real Estate Division

Senior Vice President
Alan J. Pyle

Vice Presidents

William G. Bevis (Vancouver)
Stephen R. Dubé (Montreal)
Daniel C. Ghikidis
Real Estate Division
Donald H. Rodney (Calgary)

Assistant Vice President

James D. Dysart (Toronto)

Training & Development

Vice President
F. Derek McLean

Branch Operations

Head of Branch Operations
Jacques A. Luys

Assistant Vice President

Edward A. Burge (Toronto)

Operations Managers

Keith S. Cheverton (Vancouver)
Werner C. Niewidok (Calgary)
Caron S. Bueckert (Winnipeg)
Kathryn A. Raines (Toronto)
Vatche Kassardjian (Montreal)

FINANCE

Executive Vice President
Nathan Bossen

Vice Presidents

Laurier M. Carpentier
Merchant Banking (Montreal)
David C. Hodgson
International Treasury and Agent
(New York)
Jack O. Kiervin
Merchant Banking (Toronto)
John J. McLaughlin
Merchant Banking (Toronto)
Jean A. Plamondon
Domestic Treasury
Murray D. Sears
Merchant Banking (Calgary)
Heinz K. Weindler
International
Marian Zbyradowski
Foreign Exchange

Assistant Vice Presidents

Richard Beaulieu
Money Market
Thomas Blackwell
Retail Deposits
Karl Blattner
Operations
G. Stuart E. Gunn
Merchant Banking (Toronto)

U.S.A.

MBC Financial Services Corporation

President
James S. Parsons

Senior Vice Presidents

Kenneth V. Cooper
Real Estate
J. Michael McMahon
Corporate Finance

Vice Presidents

Bruce E. Anderson
Real Estate (Newport Beach)
Robert H. Bériault
Energy (Dallas)
Gary R. Jaeckel
Energy (Denver)
D. Anthony McColl
Corporate Secretary
Lynne M. McGanity
Corporate Finance (Dallas)
William H. Park
Real Estate (Los Angeles)
J. Bryan Sutherlin
Chief Petroleum Engineer (Dallas)
Steven M. Speier
Real Estate (Denver)
David S. Temin
Corporate Finance (Dallas)

OFFICES OF THE BANK

HEAD OFFICE

Place Mercantile
770 Sherbrooke Street W.
Montreal, Quebec
(514) 848-6000

CORPORATE BANKING, CANADA

120 Adelaide Street W.
Toronto, Ontario
(416) 361-7200

Eastern Division

770 Sherbrooke Street W.
Montreal, Quebec
(514) 848-6600

Branches
Halifax
1681 Granville Street
(902) 429-3030

Quebec City
580 Grande Allée E.
(+18) 647-2921

Montreal
752 Sherbrooke Street W.
(514) 848-6600

Ottawa
350 Sparks Street
(613) 238-8385

Central Division

120 Adelaide Street W.
Toronto, Ontario
(416) 361-7200

Branches
Toronto
120 Adelaide Street W.
(416) 361-7200

Hamilton
47 James Street S.
(416) 526-0670

London
272 Dundas Street
(519) 679-0901

Winnipeg
305 Broadway Avenue
(204) 944-9355

Representative Office
Mississauga
55 City Centre Drive
(416) 276-9464

Western Division

1177 West Hastings Street
Vancouver, British Columbia
(604) 669-2646

Branches

Regina
1863 Victoria Avenue
(306) 525-9161

Edmonton
10130 103rd Street
(403) 421-7776

Calgary
800 5th Avenue S.W.
(403) 294-4900

Vancouver
1177 West Hastings Street
(604) 684-8411

Energy Group
800 5th Avenue S.W.
Calgary, Alberta
(403) 294-4900

Real Estate Division

120 Adelaide Street W.
Toronto, Ontario
(416) 361-7297

752 Sherbrooke St. W.
Montreal, Quebec
(514) 848-6600

800 5th Avenue S.W.
Calgary, Alberta
(403) 294-4900

1177 West Hastings Street
Vancouver, British Columbia
(604) 684-8411

FINANCE

770 Sherbrooke Street W.
Montreal, Quebec
(514) 848-6000

Regional Commercial Desks

Montreal
770 Sherbrooke Street W.
(514) 848-6150

Toronto
120 Adelaide Street W.
(416) 361-7290

Winnipeg
305 Broadway Avenue
(204) 944-9355

Calgary
800 5th Avenue S.W.
(403) 294-4938

Vancouver
1177 West Hastings Street
(604) 669-2102

Merchant Banking Group

120 Adelaide Street W.
Toronto, Ontario
(416) 361-7343

752 Sherbrooke Street W.
Montreal, Quebec
(514) 848-6600

800 5th Avenue S.W.
Calgary, Alberta
(403) 294-4900

New York Agency
805 Third Avenue
New York, New York
(212) 980-0550

International Banking Facility

805 Third Avenue
New York, New York
(212) 980-0550

International
770 Sherbrooke Street W.
Montreal, Quebec
(514) 848-6272

SUBSIDIARIES

U.S.A.

MBC Financial Services
Corporation

Executive Offices

2501 Cedar Springs Road
Suite 400
Dallas, Texas
(214) 871-1200

Branches
Dallas, Texas
Plaza of the Americas
700 North Pearl Blvd.
Suite 1660
(214) 754-0009

Denver, Colorado
600 Seventeenth Street
Suite 1600N
(303) 573-8111

Los Angeles, California
Atlantic Richfield Plaza
Suite 383
515 South Flower Street
(213) 488-0166

Newport Beach, California
Kollcenter
5000 Birch Street
Suite 430 East Tower
(714) 752-1762

Canada

MBC Mortgage Corporation
770 Sherbrooke Street W.
Montreal, Quebec
(514) 848-6000

MBC Realty Corporation
770 Sherbrooke Street W.
Montreal, Quebec
(514) 848-6000

Other Countries

Mercantile Canada Finance B.V.
Keizersgracht 560-562
Amsterdam
The Netherlands

The Mercantile Bank of Canada
International N.V.
19 Windstraat
Oranjestad, Aruba
Netherlands Antilles
Tel.: 26516

PRINTED IN CANADA

La Banque Mercantile du Canada

AVIS DE CONVOCATION À L'ASSEMBLÉE ANNUELLE DES ACTIONNAIRES

AVIS EST PAR LES PRÉSENTES DONNÉ que l'assemblée annuelle des actionnaires de La Banque Mercantile du Canada sera tenue à l'hôtel Le Quatre Saisons (Salon le Printemps), Montréal, Québec, le mercredi 9 janvier 1985 à 10h, aux fins suivantes:

1. Recevoir et étudier le rapport des administrateurs, les états financiers et le rapport des vérificateurs pour l'exercice clos le 31 octobre 1984.
2. Élire les administrateurs.
3. Nommer les vérificateurs et fixer leur rémunération.
4. Traiter de toutes les autres questions pouvant être validement soumises à l'assemblée.

Par ordre du Conseil d'administration

Montréal, Québec
Le 23 novembre 1984

La vice-présidente et secrétaire,
V. M. HENDERSON

Les actionnaires qui ne peuvent assister à l'assemblée sont priés de remplir la formule de procuration ci-jointe et de la retourner dans l'enveloppe-réponse qui l'accompagne. Pour être admissibles au vote, les actionnaires doivent faire parvenir les procurations au bureau de Montréal de l'agent de transfert, au plus tard le 7 janvier 1985 à 12h, heure normale de l'Est.

Bien que seules les actions ordinaires de la Banque donnent droit de vote à l'assemblée, le présent avis ainsi que la circulaire émanant de la Direction pour la sollicitation de procurations qui l'accompagne sont distribués sans une procuration aux détenteurs d'actions privilégiées de la Banque.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders of The Mercantile Bank of Canada will be held at Le Quatre Saisons (Salon le Printemps), Montreal, Quebec, on Wednesday, January 9, 1985, at 10:00 a.m. for the purposes of:

1. Receiving and considering the Directors' Report, Annual Statement and Auditors' Report for the year ended October 31, 1984.
2. Electing directors.
3. Appointing auditors and fixing their remuneration.
4. Transacting such other business as may properly be brought before the meeting.

By Order of the Board

Montreal, Que.
November 23, 1984

V.M. HENDERSON
Vice-President and Secretary

Shareholders who are unable to attend the meeting in person are requested to complete and return, in the envelope provided, the enclosed instrument of proxy; in order to be counted, proxies must be received at the Montreal office of the Transfer Agent by 12:00 noon, E.S.T., January 7, 1985.

Although only the Common Shares of the Bank may be voted at the meeting, this Notice and accompanying Management Proxy Circular (but not a proxy) are being distributed also to the holders of the Bank's Preferred Shares.

**SUMMARY OF RECORD OF ATTENDANCE
BY DIRECTORS AT MEETINGS DURING THE
TWELVE MONTHS ENDED OCTOBER 31, 1984**

**Number of Meetings held: Board, 13;
Committees, 16.**

<u>Director and Residence</u>	<u>Number of Meetings Attended</u>	
	<u>Board</u>	<u>Committees</u>
R. J. Abercrombie, Vancouver, B.C.	11	5
S. Abramovitch, Montreal, Que. <i>(elected January 11, 1984)</i>	8	3
A. Bachand, Montreal, Que.	13	5
H.A. Benham, Winnipeg, Man.	10	8
W.E. Bergen, Saskatoon, Sask.	10	8
G.A. Costanzo, Vero Beach, Fla.	6	1
R.L. Davidson, Montreal, Que.	13	2
C.W. Desch, Garden City, N.Y.	6	5
M. Franklin, Saint John, N.B.	7	3
V.M. Henderson, Montreal, Que. <i>(elected January 11, 1984)</i>	10	—
I. Jamieson, Georgetown, Ont. <i>(elected, January 11, 1984)</i>	9	5
J.T. Johnson, Toronto, Ont. <i>(retired January 11, 1984)</i>	2	3
M. Perron, La Sarre, Que.	10	7
W.R. Rhodes, New York, N.Y.	7	4
K. Rotenberg, Toronto, Ont.	12	5
H.A. Steinberg, Montreal, Que.	8	3
H.H. Stikeman, Montreal, Que. <i>(retired January 11, 1984)</i>	2	1
J.H. Taylor, Toronto, Ont. <i>(retired January 11, 1984)</i>	3	2
E.D.H. Wilkinson, Vancouver, B.C.	11	2

Submitted pursuant to the Bank Act.

V.M. HENDERSON
Vice-President and Secretary

Montreal, November 23, 1984

The Mercantile Bank of Canada

MANAGEMENT PROXY CIRCULAR

This circular is furnished in connection with a solicitation of proxies being made by the Management of The Mercantile Bank of Canada ("the Bank") for use at the Annual Meeting of Shareholders of the Bank called for January 9, 1985 and at any adjournment thereof. The solicitation will be primarily by mail, but proxies may also be solicited by telephone, telegram or in person by employees of the Bank. The cost of solicitation will be borne directly by the Bank.

APPOINTMENT OF PROXY

Messrs. Davidson, Bachand and Benham ("the Management nominees") are prepared to act as proxy to attend and act at the Annual Meeting of Shareholders. A shareholder has the right to appoint as proxy a person other than the Management nominees by inserting in the space provided in the form the name of the person so appointed. A proxy need not be a shareholder.

REVOCABILITY OF PROXY

A shareholder may revoke a proxy by depositing an instrument in writing executed by the shareholder or by the shareholder's attorney authorized in writing at the head office of the Bank, 15th floor, 770 Sherbrooke Street West, Montreal, Quebec, H3A 1G1, at any time up to and including January 8, 1985 or, in the case of an adjournment, the business day preceding the day of the adjourned meeting at which the proxy is to be used, or by depositing it with the chairman of the meeting or the adjourned meeting on the day of but prior to the use of the proxy at such meeting.

VOTING SHARES

There are 8,000,000 fully paid Common Shares of the Bank entitled to be voted at the meeting. Each such Share is entitled to one vote except in certain circumstances where the right to vote shares of the Bank is precluded by provisions of the Bank Act. For example, where a resident holds shares of a bank in the right of, or for the use or benefit of a non-resident, or (subject to certain other provisions of the Bank Act) where a person and others associated with him within the meaning of the Bank Act together hold shares in excess of 10% of the issued shares of the Bank, no person shall, in person or by proxy, exercise the voting rights pertaining to any of such shares.

Subject to the provisions of the Bank Act, shareholders as at November 22, 1984 are entitled to one vote for each Common Share held; persons who acquire any such Shares subsequent to November 22, 1984 may acquire voting rights provided they request the Bank not later than 10 days prior to the meeting to add their name to the voters' list.

PRINCIPAL SHAREHOLDER

Citibank, N.A. beneficially owns and is entitled to vote 1,933,994 Common Shares representing approximately 24.2% of the voting shares of the Bank. To the knowledge of the directors and officers of the Bank, no other person beneficially owns or exercises control or direction over shares carrying more than 10% of the votes attached to shares of any class of shares of the Bank.

ELECTION OF DIRECTORS

The following table states the names of all persons proposed to be nominated by Management at the meeting for election as directors. Each director's term of office will expire at the next following annual meeting of shareholders or when his successor is elected.

Name	Present principal occupation or employment	Director since	Number of shares of the Bank known to the Bank to be owned or over which control or direction is exercised on November 23, 1984	
			Preferred	Common
Robin J. Abercrombie † Vancouver, B.C.	President, Roberts Creek Resources Ltd. (oil and gas exploration)	December 1980	—	500
Sam Abramovitch † Montreal, Que.	Chairman, United Westburne Industries Limited (wholesale construction supplies)	January 1984	—	1,000
André Bachand † Montreal, Que.	Consultant, Université de Montréal (university) Vice-President of the Bank	March 1963	—	5,051
Hugh A. Benham # Winnipeg, Man.	Investment Counsel Vice-President of the Bank	November 1964	—	7,240
William E. Bergen # Saskatoon, Sask.	Consultant	October 1979	—	1,000
G. A. Costanzo * Vero Beach, Florida	Company Director Vice-President of the Bank	January 1974	—	1,002
Robert L. Davidson * Montreal, Que.	Chairman and Chief Executive Officer of the Bank	April 1977	—	2,935
Carl W. Desch # Garden City, N.Y.	Company Director	September 1974	—	1,002
Velma M. Henderson Montreal, Que.	Vice-President and Secretary of the Bank	January 1984	—	1,750
Ian Jamieson # Georgetown, Ont.	President, Lincluden Management Limited (investment management)	January 1984	—	—
Michel Perron # La Sarre, Que.	Chairman and Chief Executive Officer, Normick Perron Inc. (forest products)	October 1979	—	1,900
William R. Rhodes † New York, N.Y.	Chairman, Restructuring Committee Citicorp (bank holding company)	July 1981	—	—
Kenneth Rotenberg † Toronto, Ont.	Chairman, Rostland Corporation (real estate development)	March 1981	—	1,000
H. Arnold Steinberg * Montreal, Que.	Executive Vice-President, Finance & Development, Steinberg Inc. (retail supermarkets)	February 1968	—	4,000
I. Michael Sweatman Montreal, Que.	President and Chief Operating Officer of the Bank	—	—	—
Edward D. H. Wilkinson, Q.C.* Vancouver, B.C.	Partner, Russell & DuMoulin (barristers and solicitors)	July 1971	600	5,400

* Member of Executive Committee

† Member of Audit and Examining Committee

Member of Personnel Committee

All the proposed nominees, except Mr. Sweatman, were elected directors at the last annual meeting. During the past five years they have all been engaged in their present principal occupations or in other capacities with the same corporations or firms except Mr. Abercrombie who prior to May 1982 was Senior Vice-President of Nova, An Alberta Corporation; Mr. Bachand who prior to June 1982 was Director of the Development Fund, Université de Montréal; Mr. Costanzo who prior to December 1981 was Vice-Chairman of Citibank, N.A.; Mr. Desch who prior to November 1980 was Senior Vice-President and Cashier of Citibank, N.A.; Mr. Jamieson who prior to June 1982 was President of Brascan Financial Services and prior to August 1981 was Investment Manager of Dofasco Inc.; and Mr. Sweatman who prior to November 1984 was an Executive Vice-President of the Bank of Montreal and prior to December 1981 was an Executive Vice-President of Barclays Bank International.

DIRECTORS' AND OFFICERS' REMUNERATION AND RELATED MATTERS

During the fiscal year ended October 31, 1984, the aggregate remuneration paid by the Bank and its subsidiaries to directors and to officers (who received more than \$75,000) was as follows:

	Directors' fees	Salaries	Bonuses	Non- accountable expenses	(1) Others	Total
Remuneration of Directors						
(A) Number of directors: 19	\$162,550	—	—	—	—	\$ 162,550
(B) Corporation incurring the expense: The Mercantile Bank of Canada						
Remuneration of Officers						
(A) Number of officers: 31	—	\$2,152,714	—	\$187,682	\$ 65,833	2,406,229
(B) Corporation incurring the expense: The Mercantile Bank of Canada MBC Financial Services Corporation	—	810,404	—	68,350	184,618	1,063,372
TOTALS	\$162,550	\$2,963,118	—	\$256,032	\$250,451	\$3,632,151

(1) Accrued for incentive plan payments to certain officers.

The estimate aggregate cost to the Bank and its subsidiaries in respect of the year ended October 31, 1984 of all benefits proposed to be paid under any pension or retirement plan on retirement at normal retirement age to the persons referred to in the foregoing table is \$34,612.

The remuneration reported above for directors and officers as a group does not include counsel fees and solicitors' fees paid to the firm of Russell & DuMoulin of which Mr. E.D.H. Wilkinson, Q.C. is a partner nor to the firm of Borden & Elliot of which Mr. J. T. Johnson, Q.C. is a partner nor to the firm of Stikeman, Elliott of which Mr. H. H. Stikeman, Q.C. is a senior partner.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Bank has purchased liability insurance for its directors and officers appointed by the Board as a group for a term of three years at an annual premium of \$25,650, the total cost of which is borne by the Bank. The policy provides \$10,000,00 coverage for each occurrence, subject to a deductible of \$5,000 per director or officer and a maximum of \$20,000 per occurrence. The deductible and any amount claimed in excess of the coverage would be payable by the Bank under its general indemnification contained in By-law No. 1.

APPOINTMENT OF AUDITORS

The Bank Act requires that shareholders of a bank at each annual meeting appoint two firms of accountants to be the auditors of the Bank until the next annual meeting. The Bank Act further requires that if the same two firms have served for two consecutive years, one such firm shall not be appointed for the period of two years next following the expiration of the term for which that firm was last appointed.

The firms of Peat, Marwick, Mitchell & Cie and Maheu Noiseux will be nominated for re-appointment as auditors of the Bank until the next annual meeting.

INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS

The following disclosure of indebtedness to the Bank by its directors and senior officers is made in accordance with regulations pursuant to the Bank Act and certain securities legislation. These loans were made for personal requirements, the bulk of which are secured loans for the financing of principal residences. The average rate of interest charged on the secured residential loans was 2.90% per annum and on the remaining loans was 1.93% per annum.

Name and Municipality of Residence	Maximum Indebtedness Year Ended October 31, 1984	Amount Outstanding November 22, 1984
W. N. Ancuta, Westmount, Que.	\$184,124.87	\$170,746.50
N. Bossen, Westmount, Que.	223,732.95	203,625.88
L. M. Craig, Vancouver, B.C.	179,000.00	164,575.00
R. L. Davidson, Montreal, Que.	75,734.82	51,645.31
J. R. R. McManus, Montreal, Que.	230,306.64	200,915.86
L. Pirnak, Toronto, Ont.	288,364.72	278,553.04
A. J. Pyle, Toronto, Ont.	162,725.95	155,387.07
R. M. Roy, Beaconsfield, Que.	270,223.35	264,723.39
J. S. Shelly, Toronto, Ont.	8,200.00	5,620.89
F. B. Usher, Toronto, Ont.	262,620.64	248,641.31
H. K. Weindler, Beaconsfield, Que.	47,630.43	41,685.20
I. G. Wetherly, Westmount, Que.	153,854.08	152,860.31

MATERIAL DEVELOPMENT

In March 1984, the Bank received notices of reassessment from Revenue Canada, Taxation, for the fiscal years 1978 through 1981 inclusive, in an aggregate amount of approximately \$11,000.000. The reassessments result substantially from a recalculation by Revenue Canada, Taxation, of the Bank's non-business foreign tax credits. These recalculations represent a retroactive change from the method of calculation previously approved by Revenue Canada, Taxation. The Bank believes that substantially all Canadian chartered banks calculated and claimed non-business foreign tax credits on a basis similar to that employed by the Bank in the relevant years.

The Bank filed notices of objection in respect of all the reassessments within the prescribed delays and intends to contest each assessment on the merits. While the Bank believes it has a valid objection to the reassessments, it is possible that some amount might eventually be payable. The Bank estimates that any such amount will be significantly less than the amount assessed and on this basis it is the Bank's view that any such payment would not have a material adverse effect on the business or operations of the Bank.

VOTING OF PROXIES

The persons named in the enclosed proxy will vote the shares in respect of which they are appointed on any ballots that may be called for and in accordance with the direction of the shareholder appointing them. In the absence of such direction, proxies will be voted in favour of (1) reception of the Directors' Report, financial statements and Auditors' Report for the year ended October 31, 1984, (2) the election as directors of the persons proposed to be nominated by Management and (3) the appointment of the firms of Peat, Marwick, Mitchell & Cie and Maheu Noiseux as auditors of the Bank, information relating to all of which is contained in this Circular.

The enclosed proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters specifically mentioned in the Notice of meeting and with respect to other matters not specifically mentioned in the Notice of meeting but which may properly come before the meeting. At the time of printing this Management Proxy Circular, Management of the Bank knows of no such amendments, variations or matters other than the matters referred to in the Notice of the meeting. However, with respect to any amendment or variation, or any other matter which may properly come before the meeting or any adjournment or adjournments thereof, it is the intention of the Management nominees to vote the same in accordance with their judgment on such matters.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No material transactions have been entered into by the Bank in which (i) any director or officer of the Bank, (ii) any proposed nominee as a director of the Bank, (iii) any person or company beneficially owning directly or indirectly more than 10% of shares of any class of shares of the Bank and (iv) an associate or affiliate of the persons or companies named in Clause (i), (ii) or (iii) has a direct or indirect material interest.

The contents of this Management Proxy Circular and the sending thereof have been approved by the directors of the Bank.



Vice-President and Secretary
The Mercantile Bank of Canada

Montreal, November 23, 1984

Montréal, le 23 novembre 1984

G. H. Allouette

La Banque Mercantile du Canada,
La Vice-présidente et secrétaire de

Les administrateurs de la Banque ont approuvé le contenu de la présente circulaire émanant de la Direction et son envoi aux actionnaires.

Aucun contrat important n'a été conclu par la Banque dans ledit (i) tout administrateur ou dirigeant de la Banque, (iii) tout candidat proposé au poste d'administrateur de la Banque, (iv) toute personne ou compagnie propriétaire réel, directement ou indirectement, de plus de 10% du nombre total des actions d'une catégorie déterminée de la Banque et (v) un associé des personnes ou des compagnies mentionnées aux sous-alliées (i), (ii) ou (iii) a, directement ou indirectement, un intérêt important.

INTERET DE LA DIRECTION OU D'AUTRES PERSONNES DANS DES CONTRATS IMPORTANTS

La procuration ci-jointe confère le pouvoir discrétionnaire aux personnes dont le nom figure pour ce qui est des modifications ou des variations aux questions précises dans l'avis, mais qui pourront résorber à l'assassiné, l'assassiné et des autres questions non précises dans l'avis, la Direction de la Banque n'a connaissance d'aucune telle modification, variation ou question additionnelle autre que celles mentionnées à l'avis. Cependant, pour ce qui est de toute modification ou variation, ou de toute question pouvant ressortir à l'assassiné ou à tout assemblée ou à toute réunion de cette assemblée, les personnes désignées par la Direction ont l'intention d'exercer leurs droits de vote selon leur bon jugement.

Les personnes dont le nom figure sur la procuration ci-jointe exercent les droits de vote afférents aux actions au scrutin qui pourra être demandé et conformément à la procuration ci-jointe sur laquelle figurent les noms des administrateurs, les droits de vote seraient exercés en faveur (1) de la réception du rapport des administrateurs, des états financiers et du rapport des vérificateurs pour l'exercice terminé le 31 octobre 1984, (2) de l'élection en qualité d'administrateur des personnes proposées par la Direction et (3) de la nomination des cabines de compactables Peat, Marwick, Mitchell & Cie et Mahieu Noisieux comme vérificateurs de la Banque. Des renseignements sur tous ces points figurent dans la présente circulaire.

DROIT DE VOTE DIFFÉRENT AUX ACTIONS

La Bandue a déposé des avis d'opposition relatifs à chacune des nouvelles cotisations dans les délais prescrits et entend contester au fond chaque une de ces cotisations. Bien que la Bandue considère avoir des objections valables aux nouvelles cotisations, il est possible qu'un certain montant soit payable éventuelle-ment. La Bandue estime que tout tel montant sera substantiellement inférieur au montant cotisé et, en conséquence, la Bandue est d'avis que tout tel paiement n'aurait aucun effet défavorable important sur les affaires ou les activités de la Bandue.

En mars 1984, la Banque a reçu des avis de nouvelles cotisations de l'impôt pour les exercices financiers 1978 à 1981 inclusivement, pour un montant global d'environ \$11,000,000. Ces nouvelles cotisations résultent essentiellement d'un nouveau calcul par Revenu Canada, l'impôt des crédits d'impôt à l'investissement étranger ne provenant pas d'entreprises de la Banque. Ces nouveaux calculs constituent une modification retroactive à la méthode de calcul déjà approuvée par Revenu Canada, l'impôt d'avais que présente toutes les bandes à charte canadiennes ont calculé et reçus les crédits d'impôt à l'investissement étranger ne provenant pas d'entreprises sur une base similaire à celle utilisée par la Banque pour les exercices en cause.

FAIT IMPORTANT

Nom et lieu de résidence	Solde au	Exercice terminé le	31 octobre 1984	22 novembre 1984
W.N. Anicuta, Westmount, Qué.	\$170,746.50	\$184,124.87	203,625.88	223,732.95
N. Besson, Westmount, Qué.	164,575.00	179,000.00	75,734.82	230,306.64
L.M. Craig, Vancouver, C.-B.	51,645.31	51,645.31	288,364.72	278,553.04
R.L. Davidson, Montréal, Qué.	200,915.86	200,915.86	162,725.95	155,387.07
J.R.R. McManus, Montréal, Qué.	230,306.64	230,306.64	270,223.35	264,723.39
L. Primak, Toronto, Ont.	288,364.72	288,364.72	162,725.95	155,387.07
A.J. Pye, Toronto, Ont.	278,553.04	278,553.04	162,725.95	155,387.07
R.M. Roy, Beaconsfield, Qué.	278,553.04	278,553.04	270,223.35	264,723.39
J.S. Shelly, Toronto, Ont.	8,200.00	8,200.00	262,620.64	248,641.31
E.B. Usher, Toronto, Ont.	5,620.89	5,620.89	47,630.43	41,685.20
H.K. Weinmiller, Beaconsfield, Qué.	41,685.20	41,685.20	153,854.08	152,860.31
J.G. Wetherby, Westmount, Qué.	152,860.31	152,860.31		

La présentation ci-dessous de l'endettement envers la Banque de ses administrateurs et de ses dirigeants est conforme aux règlements relatifs à la Loi sur les bandes affin qu'à certaines lois sur les valeurs mobilières. La majorité de ses prêts, qui ont été consentis afin de répondre à des besoins d'ordre personnel, sont des prêts garantis octroyés aux fins de financement de résidences principales. Le taux d'intérêt moyen imputé sur les prêts garantis aux fins d'achat de résidences était de 2,90% par année et le taux imputé sur les autres prêts était de 1,93% par année.

ENDETTEMENT DES ADMINISTRATEURS ET DES DIRIGEANTS

Les cabines Peat, Marwick, Mitchell & Cie et Methuen sont proposées pour être reellus comme vérificateurs de la Banque jusqu'à la prochaine assemblée annuelle.

Selon la L^oi sur les bandques, les actionnaires d'une banque doivent, lors de chaque assemblée annuelle, nommer deux cabinets de comptables en qualité de vérificateurs dont le mandat expire à la clôture de l'assemblée annuelle suivante. La L^oi sur les bandques stipule également que si les deux mêmes cabinets ont été nommés comme vérificateurs pendant deux années consécutives, l'un de ces cabinets ne doit pas être nommé comme vérificateur pendant la période de deux ans qui suit immédiatement l'expiration de son dernier mandat.

NOMINATION DES VERIFICATEURS

La Banque a souhaité pour l'ensembl de ses administrateurs et des dirigeants nommés par son Conseil d'administration, à une assurance-responsabilité d'une durée de trois ans dont la prime annuelle est de \$25,650. Le coût de cette assurance est entièrement assumé par la Banque. La police fournit une garantie de \$10,000,000 par risque réalisé avec une franchise de \$5,000 par administrateur ou dirigeant et d'un maximum de \$20,000 par risque réalisé. Le montant de la franchise et de toute réclamation excédant la garantie sera porté par la Banque selon les dispositions générales d'indemnisation contenues dans le règlement n° 1.

ASSURANCE-RESPONSABILITÉ DES ADMINISTRATEURS ET DIRIGEANTS

La remuneração mencionada ci-dessus versee collectivement aux administrateurs et aux dirigeants ne comprend pas les honoraires d'avocats accordés à l'étude Russell & DuMoulin, dont M. E.D.H. Wilkinson, qui a été associé à l'étude Russel & Elliot, dont M. J.T. Johnson, cr., est associé, ni à l'étude Stikeman, Elliott, dont M. H. Stikeman, cr., est associé principal.

Hour l'exercice termine le 31 octobre 1984, le cout total estimatif de toutes les prestations que la Banque et ses filiales doivent verser, à l'age normal de la retraite, aux personnes mentionnées dans le tableau précédent, est de \$34,612.

(1) Provision pour primes d'intérêtissement versées à certains dirigeants

Le montant global des remunerations versées par la Banque et ses filiales aux administrateurs et aux dirigeants (qui ont touché plus de \$75,000) au cours de l'exercice clos le 31 octobre 1984 se répartit comme suit:

REMONSTRATION DES ADMINISTRATEURS ET DES DIRIGEANTS ET AFFAIRES CONNEXES

Tous les candidats au poste, à l'exception de M. Swetman, ont été élus administrateurs lors de la dernière assemblée annuelle. Au cours des cinq dernières années, tous ces candidats ont occupé les fonctions principales mentionnées aux présentes ou ont occupé d'autres fonctions auparavant dans des sociétés ou compagnies à l'exception de M. Abercrombie qui, avant le mois de mai 1982, était premier vice-président du développement, Université de Montréal; M. Costanzo qui, avant le mois de décembre 1981, était vice-président directeur de Barclays Bank International. M. Jamieson qui, avant le mois de novembre 1984, était vice-président directeur de la Banque de Montréal et, avant le mois d'août 1981, était gestionnaire en placements chez Dofasco Inc.; et M. Swetman qui, avant le mois de novembre 1984, était vice-président directeur de la Banque de Montréal, avant le mois de novembre 1981, était vice-président directeur de Brascan Financial Services et, conséil de Citibank, N.A.; M. Desch qui, avant le mois de novembre 1980, était vice-président directeur de développement, Université de Montréal; M. Bachand qui, avant le mois de juin 1982, était directeur du fonds de développement, Alberta Corporation; M. Abercrombie qui, avant le mois de juin 1982, était premier vice-président du conseil de Citibank, N.A.; M. Desch qui, avant le mois de décembre 1981, était vice-président directeur de Nova, An Alberta Corporation; et M. Bachand qui, avant le mois de mai 1982, était premier vice-président de compagnies à l'exception de M. Abercrombie qui, avant le mois de mai 1982, était directeur du fonds de développement, Université de Montréal.

* membre du comité de direction
+ membre du comité de vérification
membre du comité du personnel

Nom	Nombre d'actions de la Banque possédées, contrôlées ou détenues, à la date de l'émission de l'acte	Poste ou occupation	Et employeur actuel	Depuis	Privilégiées	Ordinaires
Robin J. Abercrombie †	500	Président, Roberts Creek Resources Ltd.	décembre 1980	—	500	
Sam Abramovitch †	1,000	Président du conseil, United Westbrane Industries Limited (Université)	janvier 1984	—	1,000	
André Bachand	5,051	Expert-conseil	mars 1963	—	5,051	
Montreal, Québec.		Université de Montréal (matériaux de construction en gros)				
Sam Abramovitch †		Industries Limité (matériaux de construction en gros)				
Montreal, Québec.		United Westbrane Industries Limited (Université)				
Montreal, Québec.		Conseiller en placements	novembre 1964	7,240		
William E. Bergren #	1,000	Vice-président de la Banque	octobre 1979			
Saskatoon, Saskatchewan.		Expert-conseil				
Hugh A. Benham #		Vice-président de la Banque				
Winnipeg, Manitoba.		Conseiller en placements				
Montreal, Québec.		Vice-président de la Banque				
G.A. Costanzo *	1,002	Administrateur de compagnie	janvier 1974	4,935		
Montreal, Québec.		Vice-président général de la Banque	avril 1977			
Robert L. Davidson *	1,002	Administrateur de compagnie	septembre 1974			
Montreal, Québec.		Vice-présidente et secrétaire de la Banque	janvier 1984	1,750		
Velma M. Henderson		Président, Lincoln Management	janvier 1984			
Georgetown, Ontario.	1,900	Limited (gestion de placements)	octobre 1979			
Michel Perron #		Président du conseil et chef de la direction	octobre 1979			
LaSalle, Québec.		Président (société de portefeuille de banque)	juillet 1981	1,000		
Kenneth Rotenberg †		Président du conseil, Rosland Corporation	mars 1981			
Toronto, Ontario.		(exploitation immobilière)				
H. Arnold Steinberg *	4,000	Vice-président exécutif, Finance et développement	février 1988			
Montreal, Québec.		(supermarchés)				
Michael Swetman		Président et chef de l'exploitation	—			
Edward D.H. Wilkinson, C.R.*	5,400	Associé, Russell & DuMoulin (avocats)	juillet 1971	600		
Vancouver, C.-B.						

Sur le tableau suivant figure le nom des personnes que la Direction se propose de nommer à l'assemblée électorale annuelle suivante ou à l'élection de son remplaçant.

ELECTION DES ADMINISTRATEURS

Citibank, N.A. détient réellement 1,933,994 actions ordinaires et peut exercer les droits de vote différents à ces actions, ce qui représente environ 24,2% des actions de la Banque assorties du droit de vote. À la connaissance des administrateurs et des dirigeants de la Banque, aucune autre personne n'est propriétaire réel ni n'exerce un contrôle ou une direction sur des actions comportant plus de 10% des droits de vote différents aux actions d'une catégorie déterminée de la Banque.

ACTIONNAIRE PRINCIPAL

Sous réserve des dispositions de la Loi sur les bandes, les actionnaires inscrits au 22 novembre 1984 ont droit à une voix pour chaque action ordinaire qu'ils possèdent. Les personnes qui acquièrent de telles actions après le 22 novembre 1984 pourront obtenir le droit de vote si, au moins dix jours avant la tenue de l'assemblée, elles demandent à la Banque d'ajouter leur nom à la liste des votants.

Il y a 8,000,000 d'actions ordinaires libérées de la Banque associative du droit de vote à l'assemblée. Chacune de ces actions est assortie d'un droit de vote, à l'exception de certaines cas où le droit de vote différent aux actions de la Banque est exclu par des dispositions de la Loi sur les banques. Par exemple, lorsqu'un résident détient des actions d'une banque soit du chef d'un non-resident, soit à son usage ou à son profit, ou aux termes de certaines autres dispositions de la Loi sur les banques, il peut, à titre de fondateur ou personnellement, exercer le droit de vote à l'assemblée.

EXERCICE DU DROIT DE VOTE

Lactionnaire peut revouquer la procuration en déposant un acte écrit, signé par lui ou par son mandataire muni d'une autorisation écrite, au siège social de la Banque, 15e étage, 770, rue Sherbrooke ouest, Montréal, Québec, H3A 1G1, jusqu'au 8 janvier 1985 inclusivement ou, en cas d'ajournement, jusqu'au jour ouvrable précédent la date de renvoi de l'assemblée en cause, ou en le déposant entre les mains du président de l'assemblée à la date de son ouverture ou de son renvoi en cas d'ajournement, mais avant l'utilisation de sa procuration à ladite assemblée.

RESILIATION D'UNE PROCURATION

Messieurs Davidson, Bachand et Benham ("les personnes désignées par la Direction") assistent à l'agiront, à titre de fonds de pouvoir, à l'assemblée annuelle des actionnaires. L'actionnaire a le droit de nommer foncier de pouvoir une personne autre que celles désignées par la Direction. Pour ce faire, il doit inscrire le nom de la personne qu'il désire nommer foncier de pouvoir dans l'espace prévu à cette fin sur la forme de procuration. Il n'est pas nécessaire que le fonds de pouvoir soit actionnaire de la Banque.

NOMINATION D'UN FONDE DE POUVOIR

La présente circulaire se rapporte à la sollicitation, effectuée par la Direction de La Banque Mercantile du Canada ("la Banque"), de procurations devant utilisées à l'assemblée annuelle des actionnaires, convocuée pour le 9 janvier 1985, et à tout ajournement de cette assemblée. La sollicitation se fait principalement par voie postale, mais des procurations peuvent également être sollicitées par téléphone, tellement que les personnes qui détiennent des emplois de la Banque. La Banque assumerait directement les frais de sollicitation.

CIRCULAIRES EMANANT DE LA DIRECTION POUR LA SOLICITATION DE PROCURATIONS

La Banque Mercantile du Canada

Montréal, le 23 novembre 1984

V.M. HENDERSON
La vice-présidente et secrétaire,

Publie conformément à la Loi sur les bandages

Nombre de présences aux séances		
Nombre de séances tenues:		
Conseil d'administration		
Comités	11	R. J. Abercrombie, Vancouver, C.-B.
	8	S. Abramovitch, Montréal, Qué.
	3	(élu le 11 janvier 1984)
	13	A. Bachand, Montréal, Qué.
	10	H.A. Benham, Winnipeg, Man.
	8	W.E. Bergren, Saskatoon, Sask.
	6	G.A. Costanzo, Vero Beach, Florida
	2	R.L. Davidson, Montréal, Qué.
	5	C.W. Desch, Garden City, N.Y.
	7	M. Franklin, Saint John, N.-B.
	10	V.M. Henderson, Montréal, Qué.
	—	(élu le 11 janvier 1984)
	5	J.T. Johnson, Guelph, Ont.
	9	(élu le 11 janvier 1984)
	2	J. Jamieson, Guelph, Ont.
	7	W.R. Rhodes, New York, N.Y.
	10	M. Perron, La Sarre, Qué.
	4	K. Rotenberg, Toronto, Ont.
	7	H.A. Steinberg, Montréal, Qué.
	3	W.R. Steiner, New York, N.Y.
	5	K. Stokman, Montréal, Qué.
	12	J.H. Taylor, Toronto, Ont.
	2	(retirée le 11 janvier 1984)
	8	J.H. Stokman, Montréal, Qué.
	3	(retirée le 11 janvier 1984)
	2	H.H. Stokman, Montréal, Qué.
	1	(retirée le 11 janvier 1984)
	11	E.D.H. Wilkinson, Vancouver, C.-B.
2	2	(retirée le 11 janvier 1984)

Conseil d'administration, 13; Comités, 16
Nombre de séances tenues:

DOUZE MOIS TERMINÉ LE 31 OCTOBRE 1984
AUX SÉANCES TENUES AU COURS DE LA PÉRIODE DE
RELEVÉ DES PRÉSENCE DES ADMINISTRATEURS

Bien que seules les actions ordinaires de la Banque donnent droit de vote à l'assemblée, le présent avis ainsi que la circulaire émanant de la Direction pour la sollicitation de procurations qui l'accordent à la Banque sans une procuration aux détenteurs d'actions privilégiées de la Banque.

Les actionnaires qui ne peuvent assister à l'assemblée sont priés de remplir la formeule de transfert, au plus tard le 7 janvier 1985 à 12h, heure normale de l'agent de vote, les actionnaires doivent faire parvenir les procurations au bureau de Montréal de l'agence de procuration ci-jointe et de la retourner dans l'enveloppe-reponse qui l'accompagne. Pour être admis au vote, les actionnaires doivent faire parvenir les procurations au bureau de l'agent de transfert, au plus tard le 7 janvier 1985 à 12h, heure normale de l'Est.

V. M. HENDERSON
La vice-présidente et secrétaire,
Montreal, Québec

Le 23 novembre 1984

Par ordre du Conseil d'administration

1. Recevoir et étudier le rapport des administrateurs, les états financiers et le rapport des vérificateurs pour l'exercice clos le 31 octobre 1984.
2. Élier les administrateurs.
3. Nommer les vérificateurs et fixer leur remunération.
4. Traiter de toutes les autres questions pouvant être validement soumises à l'assemblée.

AVIS EST PAR LES PRÉSENTS DONNÉ que l'assemblée annuelle des actionnaires de La Banque Mercantile du Canada sera tenue à l'hôtel Le Quatre Saisons (Salon le Printemps), Montréal, Québec, le mercredi 9 janvier 1985 à 10h, aux fins suivantes:

AVIS DE CONVOCATION À L'ASSEMBLÉE ANNUELLE DES ACTIONNAIRES

La Banque Mercantile du Canada